Active Development of Social Networks and Relationships to Chinese Small and Micro Business Owners' Success

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To: my father (Zhao Deyou)
my mother (Zhou Huixia)
and my wife (Wang Ji)

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Abstract

Network-based approach is especially useful for the understanding of the entrepreneurship in those collectivistic cultures like China. Many scholars have pointed out the importance of *guanxi* (personal connections) in Chinese business practice. However, three major questions have still not been adequately addressed in literature. The first one is the regional differences and similarities on Chinese entrepreneurship and her business owners between urban China and rural China. The second one is the link between different types of *guanxi* and business success. The third one is how business owners actively establish their social networks in order to achieve high business success. Four studies were conducted in this dissertation to address the above questions. All four studies were tested on two samples of Chinese small and micro business owners. 133 were from Beijing and 78 were from an inland, less developed rural region named Xunyi.

Study 1 (Chapter 2) empirically compared the differences and similarities of the entrepreneurship and their business owners between rural China and urban China, taking specifically into account both economic and sociological variables as well as psychological variables. It showed many expected differences in entrepreneurship between urban China and rural China, but showed many unexpected differences and amazing similarities throughout China as well.

Study 2 (Chapter 3) conceptualized *guanxi* into different types and tested the functional value of different types of *guanxi* in predicting business success. Largely in contrast to the commonly held belief on the importance of *guanxi* in Chinese business practice, this study only confirmed that *guanxi* network (especially the *guanxi* with government officials) was related to business success in less developed rural regions, but not in developed urban areas. Further, by exploring the role of resources exchanged in social networks, this study has gone beyond the sole discussion of the link between *guanxi* and success to delve into the mechanism behind it.

Study 3 (Chapter 4) mainly differentiated three concepts in theory: social skills, social strategies and active and elaborate social strategies. Confirmatory Factor Analyses were employed to reexamine the psychometric traits of the 3-factor social skills scales developed by Baron and Markman (2003) and to test the newly developed active and elaborate social

strategies scales. The results showed only part of the social skills scales developed by Baron and Markman (2003) could be clearly reproduced and combined into a second-order factor of social skills. However, the newly developed active and elaborate social strategies scales showed good psychometric traits and also could be combined into a second-order factor of active and elaborate social strategies.

Study 4 (Chapter 5) tested a model of active network building and business success. I argued that three psychological constructs are particularly useful for network building: social skills, active and elaborate social strategies and relationship-oriented personal initiative. These three psychological variables can influence business success directly or via social networks (as a mediator). The results showed that government *guanxi* network is a more consistent and pronounced mediator between three psychological variables and business success, especially in rural, less developed regions, but business *guanxi* network is not.

In general, the two-sample design employed in this dissertation makes me to validate the findings in different contexts, especially to deal with the great divides between urban China and rural China. Based on a relatively large sample size, this study pushes the inquiry on the link between *guanxi* and business success one step further. The active social approaches developed in this dissertation also enrich the literature on the active approaches in work and organizational psychology and entrepreneurship. Finally, as one of the studies that looks at how *guanxi* is built and maintained, if these results can be replicated and if they can be shown to be longitudinally valid, they can be used to train people in how to increase their networks and to increase their successes.

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Chapter 1: Introduction

Chinese economic prosperity since 1978 can be largely attributed to her active entrepreneurship. This dissertation tries to understand this ongoing change, especially the role of social networks and active network building in achieving business success in China.

Social networks, in the broadest terms, are defined as a set of actors (individuals or organizations) and a set of linkages between these actors (Brass, 1992). In this dissertation I focus on the personal social networks of business owners. Social networks have been theorized and showed to play a critical role in the entrepreneurial process since Aldrich & Zimmer (1986). *Guanxi*, which literally means special personal relationships, is an indigenous concept for personal social networks in China; it has been showed to be important in Chinese business practices (Peng & Luo, 2000; Tung & Worm, 2001; Xin & Pearce, 1996; Yeung & Tung, 1996; Zhao & Aram, 1995).

However, several questions are still not well addressed in literature. First, although the great divides between urban China and rural China are to be found in many areas, the differences and similarities in entrepreneurship between urban China and rural China have never been empirically tested. If we regard entrepreneurship as the major force bridging the great divides between urban China and rural China, a lack of research on this topic needs to be addressed first.

Second, although the importance of *guanxi* in business practice has became common knowledge, most previous literature (except Peng and Luo, 2000) has been primarily based on small sample sizes, qualitative studies (Fan, 2002; Peng & Luo, 2000) or foreign investment firms and medium or big companies. Few studies ever empirically differentiate between the various types of *guanxi* that are mutually intertwined in business practice (Fan, 2002), and therefore, the link between different types of *guanxi* and business success is still not well established.

Third, most network theorists discuss networks as structural variables but not as dynamic ones (Hoang & Antoncic, 2003; Morrison, 2002). A critical review states that "the impact of network structure on venture performance has yielded a number of important findings. In contrast, fewer process-oriented studies have been conducted and only partial empirical confirmation exists for a theory of network development." (Hoang & Antoncic,

2003)(p.165). Given this state of the literature, it makes sense to look at one particular issue of process -- the active approach of business owners towards the environment: in other words, how business owners actively establish social networks in order to achieve higher business success.

This dissertation tries to address the aforesaid questions. It includes six chapters (four studies). With the exception of Chapter 1(Introduction) and Chapter 6 (Summary) each chapter or study discusses one major question relatively independently.

Study 1 (Chapter 2)

As the more descriptive part of this dissertation, Chapter 2 (Study 1) tries to compare the regional differences and similarities on entrepreneurship between urban China and rural China.

As we know, China is an economy in the process of transformation not only from a command economy to a market-based economy, but also from a rural, agriculture society to an urban, industrial one (Han, 2005; Yao, 2002). The great divides between urban China and rural China can be found in many areas, including per capita income, health care, education, public works and so on. As the major force creating new jobs and wealth, entrepreneurship also can play an important role in bridging these huge divides between urban Chin and rural China. However, to date no studies have empirically compared the differences and similarities of the entrepreneurship and business owners between rural China and urban China, taking specifically into account both economic and sociological variables as well as psychological variables.

Study 1 (Chapter 2) tries to fill this gap by comparing the differences and similarities in most of the variables that will be employed in this dissertation. They include demographic variables, business environment difficulty, social network sizes, three psychological variables -- social skills, active and elaborate social strategies and relationship-oriented personal initiative -- and economic variables such as starting capital, business sectors, number of employees, sales and profit growth in the past 2 years, etc. In so doing, Study 1 provides a more deep and comprehensive understanding for Chinese entrepreneurship, especially small and micro business owners. One can find many expected differences, but also find some unexpected differences and amazing similarities throughout China in this study.

Study 2 (Chapter 3)

Study 2 (Chapter 3) tries to explore the links between different types of *guanxi* and business success.

As aforesaid, most previous studies seldom differentiate empirically between different types of *guanxi* and therefore, the relationship between *guanxi* and business success is still not well established. To address this question I first conceptualize *guanxi* into different types according to different criteria. One group of *guanxi* includes family *guanxi*, *guanxi* with non-business friends, business *guanxi* (personal connections with other business agents in market) and government *guanxi* (personal connections with governmental officials at different levels and bureaus), and another group includes weak *guanxi* and strong *guanxi*, which is classified according to interaction frequency, the intimate degree of relationship and trust (Granovetter, 1973). Then, I test the specific relationships between various types of *guanxi* and business success on a relatively big sample size of small and micro business owners.

Further, I argue that the usefulness of social networks is related to the resources embedded in social networks. By conceptualizing resources into three types: information, motivational and material resources (Jenssen & Koenig, 2002; Kanter, 1983), I argue that the strength of *guanxi* is differently related to the amount of different resources obtained. By doing so, I try to beyond the sole discussion on the link between *guanxi* and business success to delve into the mechanism behind it.

Study 3 (Chapter 4)

Study 3 tries to differentiate social strategies from social skills in theory, which was widely used as an umbrella construct before. Meanwhile, as the preliminary work for Study 4 (Chapter 5), this study mainly presents the results of Confirmatory Factor Analysis (CFA) on social skills scales developed by Baron and Markman (2003) and the new scales on active and elaborate social strategies developed in this study.

I argue that although social skills and social strategies are two related constructs, they are also separable. Social skills[1] is the specific patterns of learned observable behaviors

[1] In this dissertation when I use 'social skills' as a term referring to the construct, or variable of social skills, I use it as singular compound noun. However, when I use social skills referring to a group of specific social skills, I use it as plural form. The following verb obeys the corresponding change. In addition, I also use the term of social strategies in the same way.

(Gesten, Weissberg, Amish, & Smith, 1987) whereas social strategies is the behavioral plan related to social interaction, especially in those challenging social situations. Further, human beings are active agents instead of passive receivers and plans can take the form of conscious or non-conscious (automatized or routinized) plans (Frese & Zapf, 1994). Therefore, social actors also employ active and elaborate social strategies. I define active and elaborate social strategies as a conscious behavioral approach to achieve one's goals by actively developing social relationships and wisely manipulating social opportunities.

Study 4 (Chapter 5)

The core of this dissertation Study 4 (Chapter 5) argues for an active social approach to network building as a basis for achieving business success in China.

I argue that most network theorists discuss networks as structural variables not as dynamic ones. Once the dynamic issue in the theorizing of networks is foregrounded, one needs to develop and use constructs, which are likely to produce social networks. I argue that business owners need social skills, active and elaborate social strategies and relationship-oriented personal initiatives to develop networks, which, in turn, affect business success.

Social skills are necessary because owners need to be proficient in developing social networks (R.A. Baron & Markman, 2000). High social skills can leave a good impression on others and broaden the size of social networks. However, while social skills are prerequisites, they are not sufficient to produce networks because people need to behave actively in order to develop such networks (and simply have the capacity to behave skillfully). The second and third constructs are both active social approaches. Active and elaborate social strategies use plans to think about what one will say and do in social situations. They initiate social contacts, which lead to the broadening of one's social networks for future use, or attempt to manipulate social opportunities wisely according to their goals and in accordance with situational parameters. Furthermore, strategies need to be implemented, and this implementation has to be started so that barriers and difficulties can be overcome. Therefore, the concept of relationship-oriented personal initiative is required. Relationship-oriented PI is derived from the personal initiative literature, which is often defined as a self-starting, proactive and overcoming barriers approach (Frese & Fay, 2001) (in more task-oriented situations). Relationship-oriented personal initiative is especially useful for implementing plans and

overcoming barriers to achieve productive relationships with important people in social interactions.

I argue that these three psychological variables can influence business success directly or indirectly via social networks. In other words, social networks function as a mediator.

Sample Issue

Because all four studies were tested on the same sample, which I interviewed during August and December 2003, I will introduce the sampling procedure issue here briefly.

I interviewed 133 small and micro business owners in Beijing and 78 in a less developed rural region named Xunyi, my hometown, which is located in the northwest China. This region has nearly 260,000 residents with 250US$ average income per capita per year, which is far lower than the 1,000US$ average income per capita per year in China and 1900US$ in Beijing in 2003 (NBSC, 2003). In each region I sampled streets randomly (12 streets in Beijing and 3 streets in Xunyi), and then visited firms one by one according to their house numbers to ask for participation.

In general, this two-sample design afforded me the opportunity to test the regional differences in entrepreneurship between urban China and rural China and also helped me validate the findings in different contexts.

Chapter 2: Urban China and rural China: the differences and similarities for entrepreneurial business and their businesses owners

2.1. Introduction

In this chapter I discuss the differences and similarities of entrepreneurship between urban China and rural China. Two samples of small business owners in China, one from Beijing and another from an inland, less developed rural region named Xunyi are compared in terms of several variables which will be employed in the following chapters. They include demographic variables, business environment, social networks, three psychological variables – social skills, active and elaborate social strategies and relationship-oriented personal initiative – and economic variables. In doing so this descriptive chapter confirms some expected differences, but also reveals some unexpected differences and amazing similarities across China.

2.2. Literature Review

2.2.1. Entrepreneurship in Urban China and Rural China

The Chinese economic prosperity since 1978 can be largely attributed to her active entrepreneurship. In 2002, nearly 100 million Chinese were engaged in some kind of entrepreneurial businesses (Jiang, Gao, Cheng, & Qiu, 2003; Reynolds, Bygrave, & Autio, 2003). In 2003 over 3.6 million registered small and micro enterprises and 27.9 million individual entrepreneurs (in Chinese, Getihu, in which the number of employees is less than 8) produced 55.6% Gross Domestic Product (GDP), 62.3% exporting value, 46.2% tax and 75% new jobs in cities (NDRC, 2004). From 1993 to 2003 the number of private-owned businesses, the starting capital and the population participating in entrepreneurship increased averagely by 28.9%, 48.4%, 27.2% per year, respectively (CPERR, 2005).

Meanwhile, China represents an economy that is transforming not only from a command economy to a market-based economy, but also from a rural, agricultural society to an urban,

industrial one (Fairbank & Goldman, 1999; Han, 2005; Ravallion & Chen, 2004; Yao, 2002). The great divides between urban China and rural China can be found in many areas, including per capita income, health care, education, public works and so on. For instance, the average urban/rural income ratio is only 1.5 for a sample of 36 countries and few countries have a ratio of more than 2 (D. T. Yang & Zhou, 1996), but during 1978-2004 this ratio in China varied from 2.2 to 3.3 (NBSC, 2004b). Further, such an urban/rural divide in China has even deteriorated due to another factor -- the regional development divide. Compared to the eastern coastal region, western inland China is less developed in general. For instance, in 1996, per capita GDP and the total GDP of eastern China were 1.9 times and 5.5 times larger respectively than those of the western China (Han, 2005). Since 1996, the Chinese government has launched a new policy of development for western China, but up to date the regional divide has not been significantly bridged (NBSC, 2004a).

As the major force erasing poverty, adding jobs and producing wealth, entrepreneurship also plays a key role in bridging such huge divides between urban China and rural China. One can easily imagine that there are many differences as far as the entrepreneurship in different regions of China are concerned, but up to now very few empirical studies have established comparisons between them. Most people get their impressions on this topic from those provocative headlines in the mass media like 'The great Divide: Managing Rebellion-examining the widening gap in China between the rural poor and urban rich' (www.iht.com, International Herald Tribune, Oct 14, 2004). Few people draw their conclusions based on statistical yearbooks and databanks. However, statistical yearbooks and databanks mainly provide the data on the macro level like socio-economic development and public policies; very few surveys provide detailed comparisons on psychological variables like business owners' perception of environment difficulty, their social networks, social skills and so on. I argue that the studies of psychological variables are very useful, because most individuals are seldom able to change public policies and alter the macro social environment, but they can control or change their perceptions and behavior towards a specific business environment, and, thereby, change their business results. Further, I argue that the differences between rural China and urban China are obviously great, but the similarities between them may also be amazing and unexpected. In order to reach a comprehensive understanding of entrepreneurship and business owners throughout China, it is useful to have not only samples in big cities but also from less developed rural regions; not only studies at the socio-economic

level but also on a psychological level.

2.2.2. Demographic Differences

Since poor rural regions provide less extensive schooling for their citizens, business owners in less developed rural regions may not be as well educated as those in developed urban regions. Since there are also fewer job opportunities in formal business sectors in less developed rural regions, business owners may have a limited previous working experience before start-up. However, do business owners in less developed rural regions start their businesses earlier or later than those in big cities? At what age do people usually start their entrepreneurial businesses? Do women in big cities participate more actively in businesses than those in less developed rural regions? These questions only can be answered by a descriptive study.

2.2.3. Business Environment Difficulty

As aforesaid, in terms of objective economic development indices, the general social environment in developed urban China is much better than the one in less developed rural China. For instance, the average yearly per capita income in big cities like Beijing and Shanghai have already risen to nearly 2,000 US$ in 2003, but in less developed rural China millions of people are still living on less than one dollar per day (NBSC, 2003, 2004a). In general a richer social environment leads to a better business environment, because it provides more profit-making opportunities, more investment capital and better government services. However, the perception of a business environment is considerably subjective and depends on the business owners' expectation, needs and the fit between person and environment etc. How do business owners perceive their business environment? Is the business environment in developed urban regions necessarily better than the one in less developed rural regions?

Scholars (Aldrich, 1979; Baum & Wally, 2003; G. Dess & Beard, 1984) use dynamism and munificence to describe business environments. Dynamism refers to the instability or turbulence of an environment. In principal, dynamism only refers to the level of environmental predictability, but sometime dynamism is also closely related to the changing speed of a business environment (Baum & Wally, 2003). Munificence refers to the environment's support for business development (Baum & Wally, 2003), which includes

resources, opportunities, government polices etc. The more dynamic and less munificent the environment, the more difficult it is.

2.2.4. Social Networks

Doing business in China requires social networks or *guanxi* (Peng & Luo, 2000; Tung & Worm, 2001; Xin & Pearce, 1996; Yeung & Tung, 1996; Zhao & Aram, 1995). *Guanxi* is a dyadic personal connection in a Chinese context (Xin & Pearce, 1996). When *guanxi* is established, one can ask favors from each other continuously. Do business owners in developed urban regions have broader *guanxi* networks than those in less developed rural regions? Are business owners' *guanxi* networks tighter or looser in developed urban China or in less developed rural China?

To address these questions, one has to conceptualize *guanxi* into different types, because *guanxi* is not a single entity (Fan, 2002; Hwang, 2000; Peng & Luo, 2000; Su & Littlefield, 2001). In terms of the nature, social bases, people involved, core values, things exchanged and so on (Fan, 2002), *guanxi* can be conceptualized into four types: family *guanxi*, *guanxi* with non-business friends, business *guanxi* and government *guanxi*. Family *guanxi* includes the connection with family members and relatives. Family *guanxi* is largely shaped by Confucian values and driven by emotion. *Qingqing*/affection, in which reciprocity is not necessary, is exchanged (Fan, 2002). Non-business friends include daily friends, normal classmates etc. They interact with each other mainly for non-business purposes, but in some situations non-business friends can act as intermediaries or helpers for business owners. Business *guanxi* includes the personal connections with other business agents in the market, for example, customers, suppliers, competitors, investors, business partners or co-founders, etc. Business *guanxi* is largely fostered by market-based transactions. Government *guanxi* includes the personal connections with government officials at various levels and in different bureaus. Government *guanxi* "represents a way to bypass laws and regulations through personal connections with government officials and to obtain special treatment or scarce resources" (Fan, 2002)(p.554). In addition, similar to the differentiation between weak ties and strong ties in social network theory, in terms of the strength of social ties (interaction frequency, the degree of intimacy and trust)(Brown & Konard, 2001; Granovetter, 1973; Ibarra, 1993), *guanxi* can also be conceptualized into weak *guanxi* and strong *guanxi*. Strong *guanxi* is more frequently interactive, more intimate and trust-based, but weak *guanxi* is not.

Small, rural regions are usually more collectivistic than big, urban regions (Hofstede, 1980). Therefore, business owners in rural China may have a broader *guanxi* network size than those in big cities; *Guanxi* networks in small, rural regions may also be more strongly linked than those in big cities. But, on the other hand, the businesses in big cities may be more dynamic than the ones in small, rural regions. Dynamic businesses may offer more opportunities for business owners to interact with more social actors on relatively weak links (less frequent and intimate).

2.2.5. Social Skills, Active and Elaborate Social Strategies and Relationship-oriented Personal Initiative

In attempting to achieve business success in a collectivistic culture like China, three psychological variables - social skills, active and elaborate social strategies, relationship-oriented personal initiative (PI) – are particularly useful, because these three concepts are closely related to the social arena (cf. Chapter 5). Social skills refers to the specific patterns of learned observable behavior, through which one influences others and attempts to meet his/her needs (Gesten et al., 1987). Active and elaborate social strategies is a conscious behavioral approach to achieve one's goals by actively developing social relationships and wisely manipulating social opportunities. Relationship-oriented personal initiative is an active social approach, which is particularly useful for overcoming barriers that crop up in social interactions.

Businesses in big cities may be more dynamic than the ones in less developed rural regions. Business owners have to be able to behave more skillfully, count more on their social behavior and take more initiatives in overcoming conflicts and tensions in social networks. Therefore, I assume that business owners in developed urban regions need to possess and use a higher level of social skills, employ more active and elaborate social strategies and take higher relationship-oriented personal initiatives than those in less developed rural regions.

2.2.6. Economic Variables

Because rural China is less developed than urban China, business owners in less developed rural regions may often be working in low-level business sectors like retail shops instead of high-tech enterprises and high level services like advertising or consulting. They may have less starting capital than those in big cities and also employ fewer employees than

those in developed urban regions. The businesses in developed urban regions may also grow more quickly and make more profits than those in less developed rural regions. How are other variables, including business environment difficulty, social networks and the three psychological variables – social skills, active and elaborate social strategies and relationship-oriented personal initiative, related to business success? Are their relationships to business success different in big cities than in poor rural regions?

Environment difficulty may be negatively related to business success, because industries, technologies and customers' tastes in dynamic environments change quickly and are often hard to predict; only fewer resources and profitable opportunities are available in a less munificent environment. Therefore, I assume that the relationship between business environment difficulty and business success is higher in urban China than in rural China.

Empirically, there are relationships between *guanxi* and business success (Peng & Luo, 2000; Tung & Worm, 2001; Xin & Pearce, 1996; Yeung & Tung, 1996; Zhao & Aram, 1995). However, different types of *guanxi* may not be equally related to business success (cf. Chapter 3). Their relationships to business success may also vary in different regions. In less developed rural regions *guanxi* networks may play a bigger role than in developed urban regions, because business owners in less developed rural regions may have fewer resources and profit-making opportunities. Therefore, the resources and opportunities provided by *guanxi* networks may have a stronger influence on business success in less developed rural regions than those in developed urban regions. But on the other hand the resources and opportunities embedded in the *guanxi* networks of developed urban regions may be richer and more profitable than those *guanxi* networks of less developed rural regions, therefore, *guanxi* networks may be more influential in achieving business success in big cities in urban China than in rural China. To answer these competing hypotheses one needs empirical studies.

Social skills, active and elaborate social strategies and relationship-oriented personal initiative should be positively related to business success, because these psychological variables can leave a good impression on others and are useful in a lot of business activities like raising capital, acquiring customers and forming alliances and so on. Further, higher social skills, more active and elaborate social strategies and relationship-oriented PI may be more crucial in achieving business success in less developed rural regions than in big cities, because business owners in less developed rural regions usually lack resources and

profit-making opportunities. Some advantages in these three psychological variables may reap more pronounced positive results in less developed regions than in big cities.

2.3. Method

2.3.1. Sampling procedure

I interviewed 133 small business owners in Beijing and 78 in a small, less developed rural region named Xunyi, which is located in Shaanxi Province, in northwest China. In each region I used a combination of a convenience sample (that included about 15% of the participants in Beijing who were introduced by friends and other participants) and a random sampling procedure. I randomly sampled streets (12 streets in Beijing and 3 streets in Xunyi), and then visited firms one by one according to their house numbers to ask for participation. Owners who had been in business for four years (Beijing) or three years (Xunyi) were asked for an interview. Because the interview was time-consuming (60-90 minutes) and involved many sensitive questions (e.g., business success), the refusal rate in Beijing was high (67%). But because Xunyi is my hometown and many small business owners knew my family, the refusal rate there was considerably lower (less than 4%). This region has nearly 260,000 residents with an average yearly per capita income of 250US$ (Report, 2003), which is considerably lower than the average yearly per capita income of 1,000US$ in China and 1900US$ in Beijing in 2003 (NBSC, 2003).

2.3.2. Measurement

Demographic variables: Several demographic variables including gender, age, years of previous work experience, years as business owners and education were collected. For gender, females were coded as 0 and males as 1; education was measured in 5 degrees (1= elementary school; 5= master or above); other demographic variables were measured straightforwardly.

Business environment difficulty: The dynamism scale developed by Priem, Rasheed & Kotulic (1995)(Priem, Rasheed, & Kotulic, 1995) and the munificence scale developed by Hambrick & Finkelstein (1987) (Hambrick & Finkelstein, 1987) were employed. In order to adapt to the Chinese business environment, I changed a few words in them (‘economic development program’ became ‘local government’). Each scale includes 5 items, which consisted in a statement (e.g., “our firm must frequently change its products and practices to keep up with competitors”, “Our markets are rich in investment capital”). Participants rated

the extent to which each statement is true of them on a 5-point scale (1=definitely not like mine; 5= exactly like mine). Although literature showed that these two scales as having good construct validity and reliability (Baum & Wally, 2003; Hambrick & Finkelstein, 1987; Priem et al., 1995), the Cronbach Alphas of dynamism and munificence scale in this study were unacceptably low (.30 and .45, respectively). Exploratory Factor Analysis showed that 10 items loaded on 3 factors instead of 2 factors. In order to make further use of the data, I recoded the items on the munificence scale and the dynamism scale into a single index termed *environment difficulty*, because a less munificent environment and a more dynamic environment are two facets of difficult environments. I call the summary of the 10 recoded items as *business environment difficulty*.

Social networks: An ego-centered network method, which means only the social network related to the participant focused on, was employed. In addition, in this study I measured network size alone (the number of people one usually knows and interacts with). First, I classified family *guanxi*, non-business friends, business *guanxi* and government *guanxi* into several more detailed subgroups and then asked participants to estimate how many people in each subgroup they knew. In order to include someone as his/her *guanxi*, they had, at least, to know this person's name and to have interacted with him/her face to face before. Family *guanxi* included 2 subgroups: family members and relatives; non-business friends *guanxi* had only one group; business *guanxi* included 5 subgroups: suppliers, buyers or customers, competitors, business partners or co-founders and investors; government *guanxi* also included 5 subgroups: political leaders at various levels, officials in industrial bureaus, officials in regulatory organizations like tax bureaus and commercial administration, officials in legal institutions like police precincts, court and inspection systems, and officials in state-owned banks. Further, I asked participants to divide the number of *guanxi* in each subgroup into weak *guanxi* and strong *guanxi* according to interaction frequency, intimacy of the relationship and trust. If they interact frequently, feel intimate and have strong trust between each other, this personal relationship belongs to strong *guanxi*, otherwise it is considered to be weak *guanxi*. I emphasized this point time and time again in the course of the interviews, and participants had no difficulty in differentiating strong *guanxi* from weak *guanxi*. Finally I summed up subgroups in order to obtain estimations for different types of *guanxi* and overall *guanxi*.

Social skills: I employed the three-factor social skills scales (social perception, social

adaptability and expression) developed by Baron and Markman (2003). Each scale includes 5 items, which consists in a statement (e.g., “I am a good judge of other people”, “I can easily adjust to being in just about any social situation”, “I am very sensitive to criticism from others”). Participants rated the extent to which each statement was true of them on a 5-point scale (1 = definitely not like me; 5 = exactly like me). Confirmatory Factor Analysis showed that only social perception (3 items, Alpha= .57) and social adaptability (5 items, Alpha = .70) can be clearly produced and constitutes a second-order factor of social skills (χ^2 = 35.39, df =19, p= .01; RMSEA= .06; GFI= .96; CFI= .94). I call the summary measure of these 8 items *social skills* (Alpha= .75) (cf. Chapter 4).

Active and elaborate social strategies: Two 5-item scales, which measure active social strategies and elaborate social strategies, were developed for this study. Each item consisted in a statement (e.g., “I actively make friends with those people working in government”, “ I make intelligent use gift-giving to build up various social ties ”). Participants rate the extent to which this statement was true of them on a 5-point scale (1= definitely not like me, 5= exactly like me). Confirmatory Factor Analysis confirmed that these two scales made up a second-order factor of active and elaborate social strategies (10 items, Alpha was .88) (χ^2 =59.32, df = 34, P= .01; RMSEA=. 08; GFI= .90; CFI= .94) (cf. Chapter 4).

Relationship-oriented Personal Initiative: I employed the overcoming barrier procedure, which demonstrates good construct validity and reliability (Frese, Fay, Hilburger, Leng, & Tag, 1997; Frese, Kring, Soose, & Zempel, 1996; Krauss, 2003), to measure relationship-oriented PI. I presented participants three critical scenarios relevant to social interactions in business practice, and asked them to come up with feasible solutions. Whenever participants provided a solution, new barriers (“please imagine this doesn’t work”) were introduced until participants could not come up with further ideas. Participants’ answers were written down in detail during the interviews and later were coded by two independent raters, who have been given a half-day training on coding procedure (inter-rater reliability was .89 measured by Cronbach Alpha). The maximum number of barriers that participants overcame and the active degree (rating on a 5-point scale) presented in these solutions were averaged to get a score for the participants’ relationship-oriented personal initiative (the Alphas of the number of barriers overcome and the degree of activeness were .83 in Beijing and .91 in Xunyi, respectively). Three relationship-oriented critical scenarios included that 1) “your best salespeople or technician wants to resign, and if he or she leaves, your business

will be greatly affected." 2) "your goods or service has serious quality problems, some dissatisfied customers want to spread this to mass media or want to sue you in court." 3) "You gave a big sales credit to someone and can't get your money back." The Cronbach Alphas of the scale made up by a number of solutions and active degrees (6 items) of these three scenarios varied from .80 to .89.

Economic variables: Some of the key economic variables including business sectors, the number of employees and starting capital were collected. In addition, I collected the sales and profit growth in the past 2 years. In Beijing I asked participants to report their sales growth and profit growth over the past 2 years on two 7-point 2-item scales (Alpha was .67 for sales growth and .70 for profit growth, respectively). The 7 point scale of performance was suggested by qualitative pilot data in which I asked people which differentiations they made naturally in terms of growth and decline; therefore I used the following 7 answer possibilities: "declined by more than 60%", or "declined between 60%-30%", or "declined by less than 30%", or "the same", or "increased less than 30% ", or "increased 30-60%" or "increased more than 60%". A year by year comparison was made for the past 2 years (2002 and 2003), resulting in 2 items for sales growth and profit growth, respectively. I averaged them to produce sales growth and profit growth over the past 2 years, respectively. In Xunyi due to the good relationship with participants, I collected the absolute sales and profit data in 2001, 2002 and 2003 by day or by month and then calculated the sales growth and profit growth in the past 2 years. In order to compare this with the Beijing sample, I converted them into the same 7-point scale used in Beijing.

2.3.3. Analytic approach

Due to the skewed distribution on networks size, natural logarithm transformations were performed (Cohen, Cohen, West, & Aiken, 2003c; Norusis, 1992). The transformed data distribute normally; however, there were 3 outliers (2 in Beijing and 1 in Xunyi), which had scores higher than 3 standard deviations above the mean, so I deleted them. Literature shows that if the number of missing values is less than 5% of whole sample, deleting has little affect on the power effect of the study (Roth & Switzer III, 2002).

Table 1: The Demographic Data and Differences in Beijing and Xunyi

	Beijing (N=133)	Xunyi (N=78)	Differences (Independent group T-test or χ^2 test)
Gender (male=1, female=0)	74%	52.6%	-.21** (t=3.18, df=209)
Age of business owners: Mean (SD)	33.71 (8.92)	34.13 (5.98)	-.42 (t= -.37, df=209)
18-24	9.8%	5.1%	
25-34	56.7%	51.3%	
35-44	21.1%	38.5%	
45-54	10%	3.1%	
55-64	2%	2%	
Years of previous working experience: M (SD)	6.84(8.62)	3.99(5.83)	2.84** (t=2.58, df=209)
Years as business owners: M (SD)	5.34 (3.69)	6.98 (3.73)	-1.64** (t=-3.11, df=209)
Education			
Elementary school (5 years)	2.3%	5.1%	χ^2 =29.76, df=4. p< .01
Junior middle school (8 years)	21.1%	50.0%	
Senior middle school (11 years)	29.3%	29.5%	
College level (14-15 years)	39.1%	15.3%	
Master degree or above	8.3%	0	

Note: * Significant at .05 level; ** significant at .01 level (2-tailed)

Table 2: Business Environment Difficulty in Beijing and Xunyi (Means, Standard Deviations, and Mean Differences)

	Beijing		Xunyi		Mean differences
	Mean	SD	Mean	SD	Between two regions
Dynamism					
D1. Our firm must frequently change its products and practices to keep up with competitors.	3.95	1.24	4.03	1.15	-.07
D2. Products/services quickly become obsolete in our industry.	2.81	1.34	3.21	1.20	-.39*
D3. Actions of competitors are quite easy to predict.	2.60	1.07	2.47	.95	.13
D4. Consumer tastes are fairly easy to forecast in our industry.	2.39	1.14	2.35	1.03	-.05
D5. Technology changes more quickly in our industry.	3.69	1.42	3.29	1.52	.40†
Munificence					
M1. There are few external threats to the survival and well-being of our firm.	2.89	1.32	3.00	1.29	-.11
M2. Our markets are rich in investment capital.	2.97	1.32	3.29	1.34	-.32†
M3. Local government offers sufficient support for our business community.	3.09	1.28	3.42	1.27	-.33†
M4. Our markets are rich in profitable opportunities.	3.94	.98	3.62	1.27	.32*
M5. Our firm operates in a threatening business environment.	3.08	1.34	3.40	1.34	-.32†
Business environment difficulty index	2.95	.51	2.86	.52	.09

Note: † Significant at .10 level; * significant at .05 level (2-tailed)

Table 3: Social Networks in Beijing and Xunyi: Means, Standard Deviations, Intercorrelation and Mean differences

	Beijing (N=131)								Xunyi (N=76)								Mean differences
	Mean	SD	1	2	3	4	5	6	Mean	SD	1	2	3	4	5	6	(t-tests)
1, Family *guanxi*	.84	.46	--						.97	.44	--						-.15*
2, Non-business friends	1.48	.56	.13	--					.49	.58	.35	--					-.06
3, Business *guanxi*	1.97	.44	.19	.28	--				2.21	.49	.32	.47	--				-.24**
4, Government *guanxi*	1.06	.66	.16	.44	.36	--			1.47	.73	.46	.53	.62	--			-.42**
5, Weak *guanxi*	2.07	.46	.16	.54	.85	.50	--		2.30	.47	.37	.61	.96	.69	--		-.23**
6, Strong *guanxi*	1.66	.37	.30	.58	.61	.61	.56	--	1.77	.50	.42	.62	.82	.64	.82	--	-.10
7, Overall *guanxi*	2.24	.38	.21	.65	.86	.56	.91	.79	2.42	.46	.39	.63	.96	.71	.99	.88	-.18**

Note: * significant at .05 level; ** significant at .01 level (2-tailed); All social networks data are the one after logarithm transformation.

Table 4: Three Psychological Variables in Beijing and Xunyi (Means, Standard Deviations, Intercorrelation and Mean/Correlational Differences)

	Beijing (N=133)				Xunyi (N=78)				Differences		
	Mean	SD	1	2	Mean	SD	1	2	Mean	Z	Z
1, Social skills	3.60	.74	--		3.10	.77	--		.49**		
2, Active and elaborate social strategies	3.14	.90	.64**	--	2.70	.98	.63**	--	.43**	.14	
3, Relationship-oriented Personal initiative	4.60	1.56	.16	.24**	3.99	1.11	.45**	.38**	.61**	-2.16*	-1.08

Table 5: Economic Variables in Beijing and Xunyi (Means, Standard Deviations, Correlation and Mean/Correlational Differences)

	Beijing (N=131)			Xunyi (N=76)			Mean Difference	Correlational Difference
	Mean	SD	Correlation (Item 4x5)	Mean	SD	Correlation (Item 4x5)		
1, Business sectors:								
Manufacturing	9.8%			2.5%			χ^2 =25.96,	
Trade	46.6%			80.8%			df=3,	
Services	34.6%			16.7%			p< .01	
High-tech	9.0%			0				
2, Starting capital	27.6K	36.8K		3.1K	6.1K		24.52K**	
3, Number of employees	15.10	36.31		2.05	2.90		13.05**	
4, Sales growth in past 2 years	4.94	1.23		4.14	1.37		.80**	
5, Profit growth in past 2 years	4.76	1.19	.89**	3.85	1.55	.76**	.91**	2.84**

Note: * significant at .05 level; ** significant at .01 level (2-tailed);

Table 6: Correlations Between Sales/Profit Growth and Other Variables in Beijing and Xunyi (with Correlational Differences in Two Regions)

	Beijing correlations (N=131)		Xunyi correlations (N=74)		Correlational Differences (r-to-z tests)	
	Sales growth	Profit growth	Sales growth	Profit growth	Sales growth	Profit growth
1, Environment difficulty	-.08	-.12	-.10	-.31**		1.35
2, Family *guanxi*	.06	.06	.15	.14		
3, Non-business friends *guanxi*	-.06	-.04	.03	.04		
4, Business *guanxi*	-.03	.02	.10	.08		
5, Government *guanxi*	-.11	-.10	.07	.09		
6, Weak *guanxi*	-.09	-.05	.09	.09		
7, Strong *guanxi*	.03	.01	.11	.04		
8, Overall *guanxi*	-.07	-.04	.21	.23†		-1.82†
9, Social skills	-.07	-.11	.14	.18		
10, Active & elaborate social strategies	.00	-.06	.24†	.23†	-1.62	-1.96*
11, Relationship-oriented personal initiative	-.08	-.07	.33**	.24†	-2.83**	-2.09*

Note: † significant at .10 level; * significant at .05 level; ** significant at .01 level (2-tailed);
All social networks data are the one after logarithm transformation.

2.4. Results

The demographic data and sample differences are presented in Table 1. Compared to Xunyi business owners, there were fewer female owners in Beijing (47.4% in Xunyi and 26% in Beijing). The business owners in both regions were similar in age, but Beijing owners had longer previous working experiences (the mean difference of years of previous working experience was 2.84, $p< .01$) and shorter entrepreneurial experience as business owners (the mean difference of years as business owners was -1.64, $p< .01$) than those in Xunyi. Beijing business owners were better educated than those in Xunyi ($\chi^2 =29.76$, $p< .001$). In addition, the 24-35 age period was the most active stage for participating in entrepreneurship (56.7%% in Beijing and 51.3% in Xunyi); 35-44 age periods followed (21.1% in Beijing and 38.5% in Xunyi); the participating rate in very young (18-24) or old (>45) age periods was quite low.

The business environment data are presented in Table 2. Independent-Samples T-tests showed that there was no significant difference on environment difficulty in general between urban China and rural China, but there were some significant differences in several specific items. Xunyi owners felt that products/service became obsolete in their industry more quickly than Beijing owners (the mean difference was .39, $p< .05$); they also felt that their firms operated in a more threatening business environment than Beijing owners (the mean difference was .32, $p< .10$) and their markets were not richer in profit-making opportunities than those of Beijing owners (the mean difference was -.32, $P< .01$). In contrast, Beijing owners felt that technology changed more quickly in their industry than that of Xunyi owners (the mean difference was .40, $p< .10$); their markets were poorer in investment capital than Xunyi owners (the mean difference was -.32, $p< .10$); local government also offered less supports for business communities than Xunyi owners (the mean difference was -.33, $p< .10$).

Social networks and the three psychological variables (with means, standard deviations, mean differences and correlational differences in two regions) are presented in Table 3 and 4, respectively. Interestingly, Xunyi business owners had larger *guanxi* network sizes than Beijing business owners (with the exception of non-business friends and strong *guanxi*, n.s.) (for family *guanxi*, the mean difference was .15, $p< .05$; for business *guanxi*, the mean difference was .24, $p< .01$; for government *guanxi*, the mean difference was .42, $p< .01$; for weak *guanxi*, the mean difference was .23, $p<. 01$; for overall network, the mean difference was .18, $p< .01$), but Xunyi business owners reported lower social skills (the mean difference was -.49, $p< .01$), fewer active and elaborate social strategies (the mean difference was -.43,

p< .01) and showed less relationship-oriented PI in interviews (the mean difference was -.61, p< .01) than Beijing business owners. In addition, some intercorrelations among different *guanxi* networks in Xunyi were significantly higher than those in Beijing (the correlation between family *guanxi* and government *guanxi*, r-to-z tests showed Z=2.32, p< .05; the correlation between business *guanxi* and government *guanxi*, Z= 2.39, p< .05). This implies that social networks in Xunyi are denser than those in Beijing.

Economic variables are presented in Table 5. As hypothesized, Beijing owners tended to work in relatively high-level business sectors, such as high technology and high-level service businesses (χ^2 =29.76, p< .01; 80.8% in Xunyi the participants in the study owned retail shops and there were no high-tech enterprises in Xunyi). Beijing owners had more starting capital than those in Xunyi (the mean difference was 24,520 Renminbi yuan, p< .01). They also employed more employees than Xunyi owners (the mean difference was 13.05, p< .001; most Xunyi owners were *Getihu* whose number of employees must be less than 8 according to the Chinese law). In addition, Beijing owners had a higher sales growth and profit growth in the past 2 years than Xunyi owners (the mean difference was .80 and .91, p< .01, respectively). The correlation between sales growth and profit growth in the past 2 years in Beijing was significantly higher than the one in Xunyi (Z = 2.84, p< .01). This implies that the businesses in Beijing not only grow more quickly but also have higher profits than those in Xunyi.

The correlation coefficients between sales/profit growth in the past 2 years and other variables (with correlational differences in both regions) are presented in Table 6. Results showed that environment difficulty, overall *guanxi* network, active and elaborate social strategies and relationship-oriented personal initiative were related to sales growth or profit growth in the past 2 years, but some of the relationships with sales growth or profit growth in the past 2 years in Xunyi were significantly higher than those in Beijing.

Although all of the correlations of environment difficulty with sales growth and profit growth in the past 2 years, as hypothesized, were negative, only the correlation between environment difficulty and profit growth in the past 2 years in Xunyi achieved significant level (r= -.31, p< .01). Further, there was no significant difference between these two relationships (Z=1.35, n. s.) and it was also not a substantial relationship (N-weighted r= -.18, n.s.). In conclusion, environment difficulty is not related to business success in both regions.

Different types of specific *guanxi* networks were not significantly related to sales growth

and profit growth in the past 2 years in both regions, but overall *guanxi* network size was marginally significantly related to profit growth in the past 2 years in Xunyi (r= .23, p< .10). In addition, this relationship to profit growth in the past 2 years in Xunyi was also marginally significantly higher than the one in Beijing (Z= 1.82, p< .10). This implies that overall *guanxi* network size is more closely related to profit growth in less developed rural regions than in big cities. I interpret this as being due to the limited resources and profit-making opportunities available and the powerful influences of social networks in poor rural regions

Among three psychological variables – social skills, active and elaborate social strategies and relationship-oriented personal initiative, the latter two active social approaches play more important roles in business success than social skills. Social skills were not significantly related to sales growth and profit growth in the past 2 years in both regions. Active and elaborate social strategies was marginally significantly related to sales growth and profit growth in the past 2 years in Xunyi (r= .24, .23, ps< .10, respectively), but not in Beijing. However, only the relationship of active and elaborate social strategies with profit growth in the past 2 years in Xunyi was significantly higher than the one in Beijing (Z=1.96, p< .05). Relationship-oriented PI was significantly related to sales growth in the past 2 years in Xunyi (r= .33, p< .01) and marginally significantly related to profit growth in the past 2 years in Xunyi (r= .24, P<. 10), but not in Beijing. Both of the correlations between relationship-oriented personal initiative on the one hand and sales growth in the past 2 years and profit growth in the past 2 years on the other hand in Xunyi were significantly higher than those in Beijing (Z = 2.83, p< .01; Z=2.09, p< .05, respectively). These results suggest that the three psychological variables except social skills are more helpful for business success in less developed rural regions than in big cities.

2.5. Discussions

The results showed many expected differences in entrepreneurship between urban and rural China, but showed some unexpected differences and amazing similarities as well.

The higher female participating rate in Xunyi entrepreneurial businesses may be due to that, there are fewer job opportunities in the formal sector in Xunyi than in Beijing; moreover, there are more husband and wife teams owning businesses in Xunyi. The longer entrepreneurial business experiences and the shorter previous working experiences among Xunyi business owners may be due to the differences in the amount of schooling and job

opportunities in formal business sectors. Therefore, people in Xunyi start up their businesses earlier than those in Beijing.

Interestingly, although in terms of objective business environment Xunyi is much worse than Beijing, Xunyi business owners did not perceive their business environment as being generally more difficult than the one in Beijing. This may be due to two reasons. First, the dynamism and munificence scales have their limits. Second, the appraisal of business environment difficulty largely depends on personal expectations, needs and the fit between person and environment. Further, the unexpected non-substantial relationships between environment difficulty and business (sales, profit) growth imply that some contingency variables like business strategies may influence the relationship between environment difficulty and business success. People are not the passive receivers of their environment.

The larger social network sizes in Xunyi along with lower social skills, fewer active and elaborate social strategies and less relationship-oriented personal initiative on the part of Xunyi business owners implies that social networks may not merely result from intentionally personal network building, but may also be related to environment. Further, the higher relationship between overall *guanxi* networks size and business growth in rural regions implies that small businesses in rural regions are more vulnerable than those in big cities, and therefore, the resources and opportunities embedded in *guanxi* networks are more influential for their business successes than for those in big cities.

Similarly, the higher relationships between two active social approaches -- active and elaborate social strategies and relationship-oriented PI -- and business growth in Xunyi as compared to Beijing imply that, because of the fewer active and elaborate social strategies and lower relationship-oriented PI in general in less developed regions, the business owner who takes advantage of these psychological variables can reap more benefits than others in less developed rural regions than in big cities.

2.6. Contributions and Limitations

Several limitations should be mentioned. First, this is a descriptive study. No causal inferences should be drawn from it. Second, due to many constraints (trust between interviewer and participants, interview time available etc.), this study employed a 7-point scale to measure sales growth and profit growth in the past 2 years in Beijing. Such a business growth measure is slightly different from the one employed in Xunyi. Future

research should use the exact same measures across regions. Third, sales growth and profit growth may not be sensitive enough in measuring business success, because they depend greatly on the choice of specific time intervals (Davidsson & Wiklund, 2002). Fourth, environment scales should be polished in the future. Future research can employ multiple measures of it.

However, as one of the first studies on the comparison of entrepreneurship between urban and rural China, several points characterize this study. First, it confirms the generally accepted notion concerning the significant differences to be found in entrepreneurship between urban and rural China, but, in so doing, it reveals as well some unexpected differences and amazing similarities throughout China. By contradicting some commonly held opinions, the study may prove particularly useful in heightening people's understanding of the Chinese business context. Second, the study not only provides the often-used demographic, socio-economic comparisons, but explores the psychological level as well. This may prove quite useful both for business owners, who want to achieve higher business success, and for policy makers, who wish to promote economic prosperity and to reduce the great gaps, which exist between urban and rural China.

Chapter 3: the functional value of different types of *guanxi* in achieving business success in China

3.1. Introduction

In this chapter I try to explore the question of whether there are different types of *guanxi* (literally speaking: special personal connections in Chinese context) and whether they are equally valuable in achieving business success in China?

China is often conceptualized to be one of the most collectivistic societies in the world (Gelfand, Bhawuk, Nishii, & Bechtold, 2004; Hofstede, 1980; Triandis, 2003). Social networks, or personal social ties like *Guanxi* play an important role in Chinese business practice (Tung & Worm, 2001; Xin & Pearce, 1996; Yeung & Tung, 1996; Zhao & Aram, 1995). However, most previous empirical studies on *guanxi* are either based on small sample size or qualitative research (Fan, 2002; Peng & Luo, 2000). Many concentrate on foreign-invested firms, joint ventures, or at least medium-scale firms, but those indigenous small-scale businesses, which make up the major force of Chinese economy (NDRC, 2004), are largely ignored. In addition, although the complexity of *guanxi* has been discussed in theory by many scholars (Alston, 1989; Fan, 2002; Hwang, 2000; Jacobs, 1979), few studies (except Peng and Luo, 2000) have empirically differentiated between different types of *guanxi* and their corresponding values for business success. Thus, although the importance of *guanxi* in Chinese business has became commonplace, the link between different types of *guanxi* and business success is still not well established. As a review states that " the acclaimed importance of *guanxi* for firm performance is still largely a "belief " or hypothesis rather than a "fact", suggesting the great need for research on the role of *guanxi* at the firm level." (Tsui, 2001)(p. 410).

Further, *guanxi*, as a more indigenous concept has largely been isolated in literature from the general theory of social networks. By integrating these two lines of literature one can give *guanxi* studies a broader, more solid theoretical grounding and also enrich general theory on social networks by exploring its variations in different cultural contexts.

In the following I first review the concept of *guanxi* and its classification, and then I

test the specific relationships between different types of *guanxi* and business successes and explore why this should be the case.

3.2. Literature Review

3.2.1. *Guanxi*

"Who you know is more important than what you know"(Yeung & Tung, 1996). This popular Chinese saying implies that good personal connections with appropriate authorities and individuals are even more important than personal competence and technological expertise in achieving success in collectivistic culture like China. The Chinese use the term *guanxi* to refer these special personal connections. *Guanxi* is a dyadic relationship that is based implicitly (rather than explicitly) on mutual interests and benefit (Xin & Pearce, 1996; M. M. Yang, 1994). Once *guanxi* is established, people can ask favors continuously from each other (Jacobs, 1979; Pye, 1982; Tung & Worm, 2001).

Guanxi includes many different forms (Fan, 2002; Hwang, 2000; Standifird & Marshall, 2000; Su & Littlefield, 2001). In terms of the nature, social bases, people involved, core values, things exchanged and so on (Fan, 2002) *guanxi* can be conceptualized into four types: family *guanxi*, *guanxi* involving non-business friends, business *guanxi* and government *guanxi*. Family *guanxi* includes the connection with family members and relatives. Family *guanxi* is largely shaped by Confucian values and driven by emotion. Affection is exchanged in which reciprocity is not necessary (Fan, 2002). Non-business friends include daily friends, normal classmates etc. They interact with each other mainly not for business purposes, but in some situations, non-business friends can act as intermediaries or helpers for business owners. Business *guanxi* includes the personal connections with other business agents in the market, for example, customers, suppliers, competitors, investors, business partners or co-founders, etc. Business *guanxi* is largely fostered by market-based transactions. Government *guanxi* includes the personal connections with government officials in different levels and different bureaus. Government *guanxi* "represents a way to bypass laws and regulations through personal connections with government officials and to obtain special treatment or scarce resources" (Fan, 2002)(p.554).

In addition to the above differentiation, consistent with the differentiation between weak ties and strong ties in social network theory (Granovetter, 1973; Krackhardt, 1992),

guanxi can also be conceptualized into weak *guanxi* and strong *guanxi* in terms of strength of social ties. The strength of social ties is one of the basic features of social networks and it can be defined as "the amount of time, the emotional intensity, the intimacy (mutual confiding), and reciprocal service that characterize the ties" (Granovetter, 1973) (p. 1361).

3.2.2. Family *Guanxi*, Non-business Friends, Business *Guanxi*, Government *Guanxi* and Business Success

In an uncertain and dynamic environment, and without the benefits of a transparent legal system, free market and developed democracy, the Chinese usually use *guanxi* as a substitute for formal institutional support (Michailova & Worm, 2003; Tung & Worm, 2001; Xin & Pearce, 1996). *Guanxi* brings direct help, resources and protection for business owners and also enables to exploit potentially profitable opportunities for business owners. The more *guanxi* business owners have, the more resources one can mobilize and the more business opportunities one can open up, and thereby, the higher success one can achieve.

Hypothesis 1: in general the amount of *guanxi* is positively related to business success.

However, different types of *guanxi* may not contribute to business success equally, because different types of *guanxi* include different resources and also entail different establishment and maintenance costs.

Family *guanxi*: China is a family-oriented society (Gelfand et al., 2004; Hofstede, 1980; Hwang, 2000). Family *guanxi* should play an important role in business start-ups and success. Family *guanxi* is usually ready-made, strongly linked and low cost in terms of establishment and maintenance. Family members and relatives often provide starting capital, manpower, and encouragement, etc for business owners in the entrepreneurial process. The more family *guanxi* is present in business (in the form of help, resources, etc.), the more successful business owners are likely to be in the market.

Hypothesis 2: The amount of family *guanxi* that provides help and resources for business owners is positively related to business success.

Guanxi with non-business friends: Non-business friends usually do not get directly involved in business, but in some situations they may also provide information, suggestions and emotional support for business owners. They may act as intermediaries connecting business owners with other influential people, who are in charge of resources. However,

such contributions may be small, because building and maintaining broad networks of non-business friends are also considerably time-consuming and costly and, most of the time, do not get direct profits.

Hypothesis 3: The amount of *guanxi* with non-business friends is not related to the business success of business owners.

Business *guanxi*: business *guanxi* should be important for business success in every society including China. "Good relationships with suppliers may help a firm acquire quality materials, good services, and timely delivery. Similar ties with buyers may spur customer loyalty, sales volumes and reliable payment. Moreover, good relationships with executives at competitor firms may facilitate possible interfirm collaboration and implicit collusion, while minimizing uncertainty" (Peng & Luo, 2000) (p.488). Good personal relationships with business partners or co-founders may increase morale, strengthen a firm's competitive advantage; similar good connections with investors help to raise sufficient capital for small businesses. The more business *guanxi* business owners have, the higher success they can achieve in the market.

Hypothesis 4: the amount of business *guanxi* is positively related to business success.

Government officials play an influential role in Chinese life since the very early stage of Chinese history (Fairbank & Goldman, 1999). This is true under the governance of Communist Party as well. Despite over two decades economic system reform, governmental officials still have great power to approve projects, allocate resources and arbitrarily intervene into the normal functioning of a business (Peng & Luo, 2000; Tung & Worm, 2001; Xin & Pearce, 1996). Thus, the more government *guanxi* business owners have, the more resources and protection they can obtain, and the higher their business successes are likely to be.

Hypothesis 5a: the amount of government *guanxi* that business owners possess is positively related to business success.

Further, I argue that government *guanxi* may play a more important role than the other three kinds of *guanxi* (family *guanxi*, *guanxi* with non-business friends and business *guanxi*) in business success. The Chinese often describe business *guanxi* as "friends", but regard government *guanxi* as "mother-in-law" (Peng & Luo, 2000) (p.495), which often used as a negative appraisal in Chinese language context. Without good government *guanxi* business owners may be forced to close a business without even knowing why. But, on the other

hand, if these "in-laws" are happy, they have the magic touch necessary to make things happen, for example, in procuring cheaper materials, in providing priority access to infrastructures, and in promoting products through the state-controlled distribution channels (Peng & Luo, 2000). In additional to the powerful role of government *guanxi*, the government *guanxi* building process also requires much time, money and effort (e.g., gift-giving, wine-and-dine, etc) (Chan, Denton, & Tsang, 2003; Fan, 2002; Yeung & Tung, 1996). Once government *guanxi* is established, it is hard for others to imitate it within a short time. Therefore, it has a unique competitive advantage. Peng and Luo (2000) even showed that manager ties with government officials have a significant effect on market shares and returns on asset, but manager ties with other executives do not.

Hypothesis 5b: the relationship of government *guanxi* with success is higher than any other relationships of *guanxi* variables (family *guanxi*, *guanxi* with non-business friends and business *guanxi*) with success.

3.2.3. Weak *Guanxi*, Strong *Guanxi* and Business Success

Although previous literature (Yeung & Tung, 1996) suggests that strong *guanxi* is more useful in attaining business success in China, the strength of *guanxi* is seldom studied in empirical studies. Furthermore, as strange as it may seem, up to now *guanxi* literature has been largely isolated from the general theory of social networks and has mainly been studied as an indigenous concept. I argue that the general theory on social networks can actually offer a broader, more solid theoretical framework for *guanxi* studies.

Granovetter (1973) argues that weak ties are more advantageous than strong ties, because weak ties often connect disconnected people, therefore, weak ties are the channels through which distant ideas or information reaches individuals, but strong ties usually bond similar people together – people who more likely to provide redundant information. However, since this thought-provoking idea was proposed, scholars (Bruederl & Preisendoerfer, 1998; Granovetter, 1982; M. T. Hansen, 1999; Krackhardt, 1992) have showed that strong ties are more useful than weak ties in some situations. In this discussion, scholars (Hoang & Antoncic, 2003; Rowley, Behrens, & Krackhardt, 2000) argue that to resolve this debate we need a contingency approach. In other words, the usefulness of weak ties and strong ties depends on other variables. I argue that one of potential contingencies is resource.

Clearly, the usefulness of social networks depends on the resources embedded in them (Alvarez & Busenitz, 2001; Barney, 1991). Resources can be differentiated into three types: information, motivational and material resources (Jenssen & Koenig, 2002; Kanter, 1983). Informational resources include expertise, advice, financial information sources, information on customers, suppliers, and competitors etc (Jenssen & Koenig, 2002). Motivational resources include emotional support, encouragement and comfort etc (Jenssen & Koenig, 2002). Material resources include labor, material and money and so on (Jenssen & Koenig, 2002).

Informational resources: I argue that Granovetter' s (1973) strength-of-weak-ties theory is largely based on informational resources, especially on simple, well-coded information instead of other resources. Simple, well-coded information can be easily sought out and transferred through weak ties, but complex, implicit knowledge can only be mastered through frequent and intimate interaction (strong ties) (M. T. Hansen, 1999). In addition, influences and persuasion are also most easily exercised in social relations that are close and intense (Granovetter, 1982). In many situations simple, well-coded information and complex, implicit knowledge intertwines together in the same social ties. If we do not differentiate them, this will lead to the following hypothesis:

Hypothesis 6: in terms of informational resources the strength of *guanxi* (or social ties) is not significantly related to the amount of information obtained.

Motivational resources: Because strong *guanxi* (or social ties) is constituted of expressive ties which are trust-based while weak *guanxi* (or social ties) consists in instrumental ties(Hwang, 2000; Ibarra, 1993), strong *guanxi* (or strong ties) is particularly useful in transferring motivational resources. In difficult times people usually seek encouragement and comfort from dense networks of social ties like a spouse, other family members, good friends and so on.

Hypothesis 7: In terms of motivational resources the strength of *guanxi* (or social ties) is positively related to motivational resources that one obtained.

Material resources: In developed, free markets obtaining capital may not be closely related to the strength of personal ties (Jenssen & Koenig, 2002), but in less developed market, which usually lack transparent legal systems and sufficient trust, business owners are more likely to depend on strong ties or *guanxi* to obtain material resources (Tung & Worm, 2001; Yeung & Tung, 1996). Strong *guanxi* like family members or good friends

often provide starting capital, buy the first bowl of noodles or trial software, and even work without a salary at an initial stage, but weak ties or *guanxi* do not.

Hypothesis 8: In terms of material resources the strength of *guanxi* (or social ties) is positively related to material resources obtained.

In conclusion, strong *guanxi* (or social ties) has advantages than weak *guanxi* on getting resources in general in China. The more the amount of strong *guanxi* business owners have, the more resources they can mobilize and the higher the business successes they can achieve in market.

Hypothesis 9: in general the relationship between the amount of strong *guanxi* and business success is higher than the relationship between the amount of weak *guanxi* and business success in China.

3.2.4. Firm Age as a Contingency Variable

Previous studies (Peng & Luo, 2000; Yeung & Tung, 1996) showed that several contingency variables may moderate the relationship between *guanxi* and business success. One of them is firm age. Although Yeung and Tung (1996) observed that *guanxi* plays an important role on market entry than later development (for those with ten or more years of experience in China assigned lower priority to *guanxi* than those with less experience), such an observation was based on a small sample of foreign investment firms. I argue that for younger firms, because they usually lack resources and prestige in the market, business owners of such firms are more likely than those of older firms to depend on personal social networks to get resources, information and business orders. When they pass this initial stage of development of the firms, the importance of *guanxi* in achieving business success may decreases.

Hypothesis 10: the relationship between the amount of *guanxi* and business success is higher in younger firms than in older firms.

Control variables: literature shows that the following variables may also influence business success: gender (Davidsson & Honig, 2003; Frese, 2000), education (Bruederl & Preisendoerfer, 1998; Frese, 2000), years of previous working (Davidsson & Honig, 2003; Frese, 2000), business sectors (Frese et al., 2005) and starting capital (Frese, 2000). In addition, years as business owners, which is similar to firm age in small and micro business, may also influence business growth in assets, sales and profit etc (Davidsson & Wiklund,

2002). Therefore, they should be controlled in this study.

3.3. Method

3.3.1. Sample

The sampling procedure and the demographic data of two samples (133 were from Beijing and 78 were from a less developed, inland region named Xunyi) were presented in Chapter 2.

3.3.2. Measurement

Network size: The measure on the network size of different types of *guanxi* was presented in Chapter 2.

As concerns the interview procedure on the strength of *guanxi* and resources, most participants would have been overwhelmed had I employed a more rigid method to ask them to rate the strength of each *guanxi* one by one on several dimensions like interaction frequency and the intimacy of the relationship and trust. This is because most participants had over 300 *guanxi* (cf. Table 1 and 2). Therefore, I only employed a more rigid method to explore the relationship between the strength of *guanxi* and resources. First, I asked participants to name 6 persons (named helpers) who had already given them resources in business start-ups, and also wrote down these helpers' names or nicknames (for reasons of confidentiality, I let participants cut down the name list after this interview). Second, I asked participants to rate the strength of *guanxi* with each helper at the moment when she/he got resources in a 2-item (interaction frequency and the intimacy of the relationship) 7-point scale. Third, I asked participants to rate the resources that they got from each helper on a 3-item (informational, motivational and material resource) 5-point scale. I describe some details in the following.

The strength of *guanxi*: I employed a 2-item scale on the strength of social ties developed by Brown and Konrad (2001). Interaction frequency was measured with "how often you contact this helper at the moment when you got his/her help?"(1=rarely; 7=daily or more frequently); Intimacy of the relationship was measured with "how intimate is your relationship with this helper at the moment when you got his/her help?" (1=feel very uncomfortable in any discussion; 7=can discuss anything including my most personal thoughts). I averaged these two indices to get the strength of *guanxi* with each helper

(Alpha of this 2-item scale was .72 in Beijing and .81 in Xunyi, respectively).

Resources: I employed the resource measurement developed by Jenssen and Hoenig (2002), but I added a few new items. Informational resources included expertise, advice, financial information source, information on customers, suppliers, and competitors etc. Motivational resources included emotional supports, encouragement and comfort etc. Material resources included labor, material, money and so on. I asked participants to rate "how much informational (or motivational or material) resources you received from this helper during your business start-up?" on a 5-point scale (1=very rare, 5= a lot).

In addition, few participants cannot name out 6 helpers. The means of helpers that participants identified was 5.59 (SD = .26) in Beijing and 5.68 (SD = .18) in Xunyi.

Business success: Multiple indicators for business success were employed, because multiple indicators of business success give richer information and may therefore be better than single indicators (Davidsson & Wiklund, 2002; Weinzimmer, Nystrom, & Freeman, 1998). Each success measure was based on a pilot study, which included at least 5 interviews. Each success measure also is the best, doable one under many constraints like the trust between interviewer and participants, interview time available etc.

Number of employees: The number of employees now (2003) was employed in two samples, but because most business owners in Xunyi are *Getihu* (in the Chinese law which means that the number of employees that they employed is less than 8), this is not a sensitive index for measuring their successes.

Business growth in the past 3 years: In Beijing I also asked participants to report their business growth on profit, sales, number of customers in the past 3 years on a 7-point 9-item scale (Alpha was .72). The 7 point scale of performance was suggested by qualitative pilot data in which I asked people which differentiations they naturally made in terms of growth and decline; therefore I used the following 7 answer possibilities: "declined by more than 60%", or "declined between 60%-30%", or "declined by less than 30%", or "the same", or "increased less than 30% ", or "increased 30-60%" or "increased more than 60%". A year by year comparison was made for the past 3 years (2001, 2002 and 2003), resulting in 9 items that were averaged to produce a scale of business growth in the past 3 years.

Asset growth since start-up: In Xunyi because of the good personal relationship with business owners, I employed a more specific measurement of business owners' own asset

growth since start-up based on the following data: 1) the total starting capital; 2) the money borrowed from others (e.g., bank, family members, friends etc.) in the starting capital; 3) the money borrowed from others now; 4) the money lent out to others (e.g., customers, other business owners, etc) now; 5) the money taken out from this business in these years as business owners (e.g., personal saving, major life costs, house buying, etc); 6) the money that they can get if they sell their businesses out now, which include goods, furniture and so on. Then I calculated the following data: own asset at the start-up moment, which was equal to (1) - (2); own asset now, which was equal to = (4) + (5) +(6) – (3); business owner's own asset growth since start-up, which was equal to own asset now minus own asset at start-up. The basic law in this formula was based on accrual method of accounting instead of cash method of accounting.

Subjective performance: In Xunyi I also employed the subjective performance measurement developed by Frese et al in African studies (Frese, 2000; Krauss, 2003). I asked participants to rate themselves on a 5-point 4-item scale ("how successful are you as a business owner compared to your competitors?" "How successful do you think others say you are as a business owner?" "How satisfied are you with your work as a business owner?" "How satisfied are you with your current income?"). I averaged these four items to get a rating for business owners' subjective performance (Alpha was .94).

Contingency variable: Firm age was measured by years as business owners. Although these two variables may not be equal in some situations, the difference was slight in small and micro business.

Control variables: Six demographic and economic variables were controlled in this study. For gender, female was coded as 0 and male as 1; education was measured in 5 degrees (1= elementary school; 5= master or above); for business sectors, in Beijing three dummy variables were used to code manufacture, trade (retail and wholesale) and service, respectively, and I assigned other business sectors (high-tech enterprise and mixed types) as a reference category; in Xunyi because there were only 3 cases of manufacture, I eliminated them and used only one dummy variable to code business sector (service as 0 and trade as 1). Other control variables including years as business owner, years of previous working experience and starting capital were measured straightforwardly.

3.3.3. Analytical Approach

Due to the skewed distribution of networks sizes, number of employees and asset growth since start-up, natural logarithm transformations were performed (Cohen et al., 2003c; Norusis, 1992). Since there are true zeros in the above three variables, I added 1 to the above variables before transformation (Cohen et al., 2003c). The transformed data distributes normally; however, there were 3 outliers (2 in Beijing and 1 in Xunyi), which had scores higher than 3 standard deviations above the mean, so I deleted them. Literature shows that if the number of missing values is less than 5% of whole sample, deleting has little affect on the power effect of the study (Roth & Switzer III, 2002).

I employed moderator regression analysis to test the contingency hypothesis on firm age and *guanxi* variables. To avoid multicollinearity I centered firm age and *guanxi* network size before generating interaction terms (Cohen, Cohen, West, & Aiken, 2003a). Centering consists of subtracting the sample mean from each variable. The adjusted variables each have a mean of zero, but their sample distributions remain unchanged. I computed interaction terms by multiplying firm age with *guanxi* network size. Interaction terms were entered in a separate step after control variables and *guanxi* variables had already been entered. If the addition of the interaction term results in a statistically significant improvement over the regression model containing control variables and *guanxi* variables, then this would indicate support for the contingency model.

In addition, because of the moderate or high intercorrelations among *guanxi* variables, along with Hierarchical Regression Analysis I also tested multicollinearity, using multiple cut-off points including the values of K (Kappa, condition number or index) greater than 30, Tolerance Values of .10 or less (which is equal to Variance Inflation Factor of 10) (Cohen, Cohen, West, & Aiken, 2003b), or at least two variance proportions greater than .50 (Tabachnik & Fidell, 1996). Only in Xunyi I found multicollinearity when weak *guanxi* and strong *guanxi* were entered into regression analysis simultaneously (Variance proportions of weak *guanxi* and strong *guanxi* were .94 and .54, respectively, but other multicollinearity indices were smaller than the commonly used cut-off points).

Table 1: Means, Standard Deviations and Intercorrelation in Beijing

	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1, Gender (male = 1, female = 0)	.74	.44	--														
2, Education	3.29	.97	.09	--													
3, Years as business owners	5.28	3.69	.14	-.28	--												
4, Years of previous working experience	6.85	8.69	.05	.05	-.07	--											
5, Manufacturing: dummy variable 1	.10	.30	.08	-.01	.40	-.08	--										
6, Trade: dummy variable 2	.47	.50	-.18	-.01	-.21	-.07	-.31	--									
7, Service: dummy variable 3	.30	.46	.04	-.13	.10	.09	-.22	-.61	--								
8, Starting capital	27.72	37.19	.23	.24	.15	.10	.20	-.23	-.14	--							
9, Family *guanxi*	.84	.46	.01	.08	.03	-.12	-.05	-.04	-.03	.00	--						
10, Non-business friends *guanxi*	1.48	.56	.10	.19	.00	-.09	.07	-.09	-.05	.13	.13	--					
11, Business *guanxi*	1.97	.44	.07	.14	-.07	-.10	-.14	.10	-.15	.14	.19	.28	--				
12, Government *guanxi*	1.06	.66	.05	.24	.17	.07	.20	-.12	-.15	.25	.16	.44	.36	--			
13, Weak *guanxi*	2.07	.46	.14	.19	-.05	-.12	-.08	-.03	-.08	.14	.16	.54	.85	.50	--		
14, Strong *guanxi*	1.66	.37	.04	.15	.07	-.13	.00	-.01	-.11	.18	.30	.58	.61	.61	.56	--	
15, Number of employees	1.97	1.02	.19	.18	.11	.03	.01	-.29	.14	.38	.11	.19	.17	.28	.25	.25	--
16, Business growth in past 3 years	4.93	1.11	.00	.39	-.26	-.12	-.14	-.04	-.04	.16	.20	.19	.24	.15	.24	.26	.38

Note: N= 131; r > .17 is significant at .05 level (2-tailed); the data in variables 8-15 were the one after natural logarithm transformation.

Table 2: Means, Standard Deviations and Intercorrelation in Xunyi

	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1, Gender (male = 1, female =0)	.52	.50	--												
2, Education	2.58	.91	.13	--											
3, Years as business owners	6.94	3.74	.28	-.13	--										
4, Years of previous working experience	3.88	5.77	-.06	.10	-.01	--									
5, Business sectors (trade= 1, service=0)	.85	.36	-.09	-.35	-.01	-.01	--								
6, Starting capital	3.12	6.16	-.11	.03	-.15	.19	-.22	--							
7, Family *guanxi*	.97	.44	.21	.22	.15	-.16	-.16	-.15	--						
8, Non-business friends	.49	.58	.20	.13	.17	.30	-.11	.17	.35	--					
9, Business *guanxi*	2.21	.49	.21	.27	.31	.18	-.24	.25	.32	.47	--				
10, Government *guanxi*	1.47	.73	.11	.24	.33	.12	-.24	.06	.46	.53	.62	--			
11, Weak *guanxi*	2.30	.47	.20	.33	.28	.26	-.24	.24	.37	.61	.96	.69	--		
12, Strong *guanxi*	1.77	.50	.23	.28	.27	.22	-.21	.19	.42	.62	.82	.64	.82	--	
13, Asset growth since startup	2.04	1.41	.06	.03	.53	.21	-.21	.35	.21	.30	.44	.58	.46	.42	--
14, Subjective performance	3.56	1.16	-.08	.19	.27	.19	-.14	.04	.25	.23	.41	.51	.43	.45	.61

Note: N=74; r >.23 is significant at .05 level (2-tailed); the data in variable 6-13 were the one after natural logarithm transformation.

Table 3: The Results of Hierarchical Regression Analysis in Beijing

	Number of employees	Business growth in the past 3 years		Number of employees	Business growth in the past 3 years
Gender	.06	-.05	Gender	.06	-.05
Education	.10	.27**	Education	.10	.27**
Years as owners	.08	-.20*	Years as business owners	.08	-.20*
Years of previous working	-.03	-.18*	Years of previous working	-.03	-.18*
Manufacturing: dummy variable 1	-.15	-.13	Manufacturing: dummy variable 1	-.15	-.13
Trade: dummy variable 2	-.23†	-.13	Trade: dummy variable 2	-.23†	-.13
Service: dummy variable 3	.01	-.08	Service: dummy variable 3	.01	-.08
Starting capital	.31**	.16†	Starting capital	.31**	.16†
R^2	.22	.23	R^2	.22	.23
Adjust R^2	.17	.18	Adjust R^2	.17	.18
F	4.28	4.51	F	4.28	4.51
Log. Family *guanxi*	.05	.13	Log. Weak *guanxi*	.11	.03
Log. Non-business friends	.03	.01	Log. Strong *guanxi*	.13	.13
Log. Business *guanxi*	.06	.10			
Log. Government *guanxi*	.16	.03			
R^2	.26	.26	R^2	.26	.25
Adjust R^2	.18	.19	Adjust R^2	.20	.19
$\triangle R^2$	.04	.03	$\triangle R^2$	.04	.02
F	3.39	3.42	F	4.28	3.93

Note: N=129, † Significant at .10 level; * Significant at .05 level; ** significant at .01 level (2-tailed).

Table 4: The Results of Hierarchical Regression Analysis in Xunyi

	Asset growth since startup	Subjective performance		Asset growth since startup	Subjective performance
Gender	-.02	-.19	Gender	-.02	-.19
Education	.14	.24†	Education	.14	.24†
Years as business owners	.57**	.32*	Years as business owners	.57**	.32*
Years of previous working	.15	.15	Years of previous working	.15	.15
Business sector (trade=1, service=0)	.07	-.01	Business sector (trade=1, service=0)	.07	-.01
Starting capital	.44**	.03	Starting capital	.44**	.03
R^2	.48	.17	R^2	.48	.17
Adjust R^2	.44	.10	Adjust R^2	.44	.10
F	9.71	2.28	F	9.71	2.28
Log. Family *guanxi*	.07	.10	Log. Weak *guanxi*	*.20*	*.14*
Log. Non-business friends	-.10	-.11	Log. Strong *guanxi*	*-.01*	*.28*
Log. Business *guanxi*	-.01	.15			
Log. Government *guanxi*	.35**	.34*			
R^2	.58	.33	R^2	*.51*	*.29*
Adjust R^2	.51	.22	Adjust R^2	*.44*	*.20*
$\triangle R^2$	.09*	.15*	$\triangle R^2$	*.03*	*.11***
F	7.93	2.97	F	*7.79*	*3.18*

Note: N=74; † Significant at .10 level; * Significant at .05 level; ** significant at .01 level (2-tailed).

There is multicollinearity in the regression analysis when weak *guanxi* and strong *guanxi* entered.

Table 5: The Strength of *Guanxi* and Resources: Means, Standard Deviations, Intercorrelation and Correlational Differences in Beijing and Xunyi

	Beijing					Xunyi					Mean	Correlational Differences		
	Mean	SD	1	2	3	Mean	SD	1	2	3	Differences	1	2	3
1, Strength of *guanxi*	4.32	1.69	--			4.39	1.35	--			-.07	--		
2, Informational resources	3.13	1.46	.07			2.25	1.47	.07			.88**	.00		
3, Motivational resources	3.36	1.32	.31**	.26**		2.74	1.50	.43**	.46**		.63**	-2.32*	-3.81**	
4, Material resources	2.32	1.47	.40**	.11**	.24**	2.27	1.49	.45**	.32**	.56**	.05	-.99	-3.64**	-6.46**

Note: The number of helpers in Beijing N=752 and the number of helpers in Xunyi N=436; * Significant at .05 level; ** significant at .01 level (2-tailed);

Table 6: The Results of Moderate Regression Analysis on Firm Age: Four Different Types of *Guanxi*

	Beijing	Beijing	Xunyi	Xunyi
	Number of employees	Business growth in the past 3 years	Asset growth since start-up	Subjective performance
Step 2				
Firm age	.04	-.22*	.48**	.17
Log. Family *guanxi*	.05	.13	.07	.10
Log. Non-business friends	.03	.01	-.10	-.11
Log. Business *guanxi*	.06	.10	-.01	.15
Log. Government *guanxi*	.16	.03	.35**	.34*
R^2	.26	.26	.58	.33
Adjust R^2	.18	.19	.51	.22
$\triangle R^2$	.04	.06	.38**	.24**
F	3.39	3.42	7.93	2.97
Step 3				
Log. Family *guanxi* X firm age	-.06	-.03	.14	-.10
Log. Non-business friends X firm age	.07	.12	-.56*	-.42
Log. Business *guanxi* X firm age	.16	-.15	-.05	.12
Log. Government *guanxi* X firm age	-.10	-.01	.19	.24
R^2	.28	.28	.63	.37
Adjust R^2	.18	.18	.54	.22
$\triangle R^2$	.02	.02	.05	.05
F	2.73	2.74	6.59	2.43

Note: Only the results in the second and third step of Hierarchical Regression Analysis were presented in Table 6.

N=129 in Beijing and N=74 in Xunyi. * Significant at .05 level; ** significant at .01 level.

Table 7: The Results of Moderate Regression Analysis on Firm Age: Strong *guanxi* and Weak *guanxi*

	Beijing	Beijing	Xunyi	Xunyi
	Number of employees	Business growth in the past 3 years	Asset growth since start-up	Subjective performance
Step 2				
Firm age	.07	-.22*	.53**	.22
Log. Weak *guanxi*	.11	.03	.20	.14
Log. Strong *guanxi*	.13	.13	-.01	.28
R^2	.26	.25	.51	.29
Adjust R^2	.20	.19	.44	.20
$\triangle R^2$	.04	.05†	.31**	.20**
F	4.10	3.93	7.79	3.18
Step 3				
Log. Weak *guanxi* X firm age	.25*	-.01	-.36*	.14
Log. Strong *guanxi* X firm age	-.19	.00	.31†	-.12
R^2	.28	.25	.54	.29
Adjust R^2	.21	.17	.47	.18
$\triangle R^2$	.03	.00	.04	.01
F	3.81	3.22	6.93	2.53

Note: Only the results in the second and third step of Hierarchical Regression Analysis were presented in Table 7.

N=129 in Beijing and N=74 in Xunyi. * Significant at .05 level; ** significant at .01 level.

3.4. Results

The intercorrelation matrices for Beijing and Xunyi (including means and standard deviations) are presented in Tables 1 and 2. There were a number of interesting descriptive relationships among the control variables. Gender (female = 0; male = 1) had the following significant relationships: females worked more frequently in trade in Beijing ($r= -.18$, $p< .05$); males received more starting capital in Beijing ($r= .23$, $p< .01$) and worked longer as business owners in Xunyi ($r= .28$, $p< .05$). Education was negatively related to how long people had been in business in Beijing ($r= -.28$, $p< .01$) and educated people were less likely to work in trade in Xunyi ($r= -.35$, $p< .05$). Education was also related to starting capital in Beijing ($r= .24$, $p< .01$). Owners in manufacturing were had been in business longer in Beijing ($r= .40$, $p< .01$) while owners in trade were less likely to have been in business for very long in Beijing ($r= -.21$, $p< .05$). Owners in the manufacturing industries in Beijing had a high starting capital ($r= .20$, $p< .05$) while owners in the trade in Beijing had less starting capital ($r= -.23$, $p< .05$).

Interestingly, Xunyi business owners had larger *guanxi* network sizes than Beijing business owners (with the exception of non-business friends and strong *guanxi*, n.s.) (for family *guanxi*, the mean difference was .15, $p< .05$; for business *guanxi*, the mean difference was .24, $p< .01$; for government *guanxi*, the mean difference was .42, $p< .01$; for weak *guanxi*, the mean difference was .23, $p<. 01$). In addition, some intercorrelations among different *guanxi* networks in Xunyi were significantly higher than those in Beijing (the correlation between family *guanxi* and government *guanxi*, r-to-z tests showed $Z=2.32$, $p< .05$; the correlation between business *guanxi* and government *guanxi*, $Z= 2.39$, $p< .05$). This implies that social networks in Xunyi are broader and denser than those in Beijing.

Since I used different dependent variables, all analyses have been done separately for Beijing and Xunyi. The results of Hierarchical Regression Analyses are presented in Table 3 and 4 (Beijing and Xunyi, respectively). The control variables, except gender, showed a number of significant relationships. Education was significantly related to business growth in the past 3 years in Beijing ($\beta= .27$, $p< .01$) and marginally significantly related to subjective performance in Xunyi ($\beta= .24$, $p< .01$). Years as business owners was negatively related to business growth in the past 3 years in Beijing ($\beta= -.20$, $p< .05$), but positively related to subjective performance in Xunyi ($\beta= .32$, $p< .05$) and asset growth since start-up in Xunyi ($\beta= .57$, $p< .01$). Trade was marginally negatively related to the number of employees in Beijing ($\beta= -.23$, $p< .10$). Starting capital was positively related to the number of employees

in Beijing (β= .31, p< .01) and asset growth since start-up in Xunyi (β= .44, p< .01). In addition, starting capital was also marginally significantly related to business growth in the past 3 years in Beijing (β= .16, p< .10). These significant relationships showed that it was useful to control these demographic and economic variables.

All of the hypotheses, except Hypothesis 6-8, were tested with Hierarchical Regression Analyses (presented in Table 3, 4, 6 and 7), always controlling for the control variables as a first step. Hypothesis 1 states that in general the amount of *guanxi* is positively related to business success. The set of four different types of *guanxi* (family *guanxi*, non-business friends, government *guanxi*) was not significantly related to the number of employees and business growth in the past 3 years in Beijing ($\triangle R^2$ = .04, .03, n.s. respectively) in Beijing, but significantly related to asset growth since start-up and subjective performance in Xunyi ($\triangle R^2$ = .09, .15, respectively; all ps < .05). Therefore, Hypothesis 1 is confirmed in Xunyi, but not in Beijing.

Hypothesis 2 states that the amount of family *guanxi* who ever provided help in entrepreneurial process is positively related to business success. Although family *guanxi* network size was positively related to various business successes in both regions, but no one achieved significant level (β= .05, .13, .07 and .10, n. s.). Thus, Hypothesis 2 is not supported.

Hypothesis 3 states that the amount of *guanxi* with non-business friends is not related to business success. In four regression analyses non-business friends network size was not significantly related to business successes (β= .03, .01, -.10 and -.11, n. s.). The Betas of non-business friends with business success in Xunyi even were negative. Thus, Hypothesis 3 is supported.

Hypothesis 4 states that the amount of business *guanxi* is positively related to business success. Although all of the Betas of business *guanxi* network size with various business successes except the Betas with asset growth since start-up in Xunyi were positive, none achieved significant level (β= .06, .10, -.01 and .15, n. s.). Thus, Hypothesis 4 is not supported.

Hypothesis 5a states that the amount of government *guanxi* is positively related to business success. Government *guanxi* network size was not significantly related to the number of employees and business growth in the past 3 years in Beijing (β= .16, .03, respectively, n. s.), but significantly related to asset growth since start-up (β= .35, p< .01) and subjective performance in Xunyi (β= .34, p< .05). Thus, Hypothesis 5a is supported in Xunyi,

but not in Beijing.

Hypothesis 5b argues that the relationship of government *guanxi* network size with business success is higher than the relationships of any other *guanxi* variables (family *guanxi*, non-business friends and business *guanxi*) with success. Because there were not any significant Betas on different types of *guanxi* network size with business success in Beijing, and also because only government *guanxi* network size was significantly related to business success in Xunyi, I conclude, Hypothesis 5b is supported in Xunyi, but not in Beijing.

In order to test the relationships between the strength of *guanxi* and resources, I performed correlation analysis. The intercorrelation matrix with means, standard deviations, mean differences and correlational differences between two regions are presented in Table 5. Hypothesis 6 states that the strength of *guanxi* is not related to the amount of information obtained. The strength of *guanxi* was not significantly related to information resources in two regions ($r = .07$ in Beijing and .07 in Xunyi, too, $p < .05$). Therefore, Hypothesis 6 is supported. In addition, Beijing business owners had more informational resources than Xunyi owners (the mean difference was .88, $p < .01$). There was no difference as far as the relationships between the strength of *guanxi* and information resources in Beijing and Xunyi were concerned.

Hypothesis 7 states that the strength of *guanxi* is positively related to motivational resources obtained. The strength of *guanxi* was significantly related to motivational resource ($r = .31$ in Beijing and $r = .43$ in Xunyi, $ps < .01$). Therefore, Hypothesis 7 is supported. In addition, although Beijing business owners had more motivational resources than Xunyi owners (the mean difference was .63, $p < .01$), the relationship between the strength of *guanxi* and motivational resources in Xunyi was significantly higher than the one in Beijing ($Z=2.32$, $p < .05$).

Hypothesis 8 states that the strength of *guanxi* is positively related to material resources obtained. The strength of *guanxi* was significantly related to material resources ($r = .40$ in Beijing and $r = .45$ in Xunyi, $p < .01$). Therefore, Hypothesis 8 is supported. In addition, there was no significant difference in the amount of material resources obtained in Beijing and Xunyi (mean difference was .05, n.s.), and there was also no significant difference as far as the correlations between the strength of *guanxi* and material resources in Beijing and Xunyi were concerned ($z = .99$, n.s.) .

Hypothesis 9 states that the relationship of the amount of strong *guanxi* with business success is higher than the relationship of the amount of weak *guanxi* with business success. In

Beijing weak *guanxi* or strong *guanxi* was not significantly related to business success (β= .11, .13; .03, .13; n.s.). In Xunyi, because of the existence of multicollinearity, the Betas of weak *guanxi* or strong *guanxi* with business success may be not stable. In order to compare their differences, I put strong *guanxi* and weak *guanxi* into regression analysis separately, and then I employed r-to-z tests to compare them. The results showed there were not significant differences between the Betas of strong *guanxi* with business success and the Betas of weak *guanxi* with business success. Therefore, Hypothesis 9 is not supported.

Hypothesis 10 states that firm age moderates the relationships between *guanxi* variables and business success -- In younger firms the relationship between *guanxi* variables and business success is higher than the one in older firms. For four different types of *guanxi* (family *guanxi*, non-business friends, business *guanxi* and government *guanxi*), moderator regression analyses showed that there was only one significant interaction effect among 16 interaction terms (Non-business friends with firm age on asset growth since start-up in Xunyi, β= -.56, p< .05) (cf. Table 6). For weak *guanxi* and strong *guanxi*, there was only one significant interaction effect among 8 interaction terms (weak *guanxi* with firm age on asset growth since start-up in Xunyi, β= -.36, p< .05), which was consistent with the original hypothesis (as for the other two significant interaction effects, they were not consistent with the basic direction of the original hypothesis) (cf. Table 7). Because the low appearance chance of significant interaction effect, I conclude that this is due to purely random effect. Hypothesis 10 is not supported.

3.5. Discussion

Largely in contrast to the commonly held belief on the importance of *guanxi* in business practice, this study did not strongly confirm the link between *guanxi* and business success. The result only showed that *guanxi* network (particularly *guanxi* with government officials) was related to business success in less developed rural regions, but not in developed urban areas.

The results also basically differentiated the functional value of different types of *guanxi* in achieving business success. Within the framework of a family-oriented culture, family *guanxi* does play a role in achieving business success in China, but such a role is not impressive. Clearly, *guanxi* with non-business friends is not significantly related to business success. It even may decrease business success in some situations because of the high building and maintenance cost. Consistent with Peng and Luo (2000) business *guanxi* is less

useful for predicting business success, but government *guanxi* is much more useful, especially in less developed rural regions. Government *guanxi* is even more advantageous than any other *guanxi* variables (family *guanxi*, *guanxi* with non-business friends and business *guanxi*) in Xunyi in predicting business success. This may be due to the fact that, business owners in less developed rural regions have fewer resources, and government officials in rural regions can intervene arbitrarily in normal business matters. Only those who have good personal connections with government officials can succeed in the market.

As regards the relationships of the strength of *guanxi* and resources, this study showed that strong *guanxi* is as useful in getting information as weak *guanxi*, but strong *guanxi* has more advantages than weak *guanxi* in getting motivational and material resources. Interestingly, if one takes into account the relatively low cost in establishing and maintaining weak ties (or *guanxi*), the above findings on informational resources can also be interpreted as supporting Granvotter's theory on the strength of weak ties.

However, although strong *guanxi* is more useful in getting resources in general in China, this study did not confirm the supposition that strong *guanxi* is more advantageous than weak *guanxi* in achieving business success in China. I interpret this in the following way: from the strength of *guanxi* to the resources embedded in social networks and then to business success, there are many unexplored variables in this logic chain like business strategies, environment etc. One should not expect to find a high relationship between strong *guanxi* and business success.

The contingency hypothesis on firm age was not confirmed. This may be the case, but it may be also due to the difficulties of detecting interaction and moderator effects (McClelland & Judd, 1993).

3.6. Contributions and Limitations

Several limitations should be discussed here. First, the cross-section design in this study precludes the drawing of any causal inferences. Broader *guanxi* networks may lead to higher business success, but, on the other hand, higher business success opens up more social opportunities for business owners to interact with a greater number of social actors, and thereby, to develop broader *guanxi* networks. Second, due to many constraints I operationalized success variables differently in the two regions. This makes it hard to compare whether there are regional differences as far as the relationships between different *guanxi* and business success are concerned. Third, although network size is the most

commonly used index for measuring social networks, it may be oversimplified. Future research will have to develop a more comprehensive, but also doable measurement on other social network variables -- for example, the prestige of social ties, the resources embedded in social ties, the position of business owners in the entire social network and so forth. Fourth, the retrospective interview on the strength of *guanxi* and resources cannot prevent memory errors and attitude change. In addition, it also cannot really test the role resources as mediator between *guanxi* and success. It only provides an interpretation for the link between *guanxi* and success. More rigid and better-designed studies are needed to test this question again.

Several points also characterize this study. First, although the importance of *guanxi* in Chinese business practice has become commonplace, the link between *guanxi* and success is still not well established, because most previous studies on *guanxi* are based on small sample sizes and qualitative studies and only a very few studies (Peng & Luo, 2000) have ever empirically differentiated the functional values of different types of *guanxi* in business success. Based on a relatively large sample size, this study takes this line of inquiry one step further. Second, most previous studies discuss *guanxi* as an indigenous concept. By integrating the literature on *guanxi* with the general theory of social networks, this study places *guanxi* studies within a broader and a more solid theoretical ground and also enriches the general theory of social networks by exploring its variations in different cultural contexts. Third, by exploring the role of resources exchanged in social networks, this study goes beyond the sole discussion of the link between *guanxi* and success to explore the mechanism behind it. Finally, the two-sample design employed in this study provides a more comprehensive understanding of the role of *guanxi* in business success across China, especially as regards the great divides between urban China and rural China (Han, 2005; Yao, 2002). If these findings can be replicated and validated in future longitudinal studies, they will prove useful for both small business owners trying to make the most of their social networks as well as for those international businesses that wish to penetrate the Chinese market.

Chapter 4: Social Skills and Active and Elaborate Social Strategies: The Confirmatory Factor Analysis Results on Two Measures

4.1. Introduction

As the preliminary study for Chapter 5, which explores the role of three psychological variables (social skills, active and elaborate social strategies and relationship-oriented personal initiative) on personal social network building and business success, this chapter first introduces two necessary concepts: social skills and active and elaborate social strategies. I argue that, although social skills and social strategies are two related constructs, they are also separable. Social skills is the specific patterns of learned observable behaviors (Gesten et al., 1987) whereas social strategies is the behavioral plans used in dealing with challenging social situations. Active and elaborate social strategies is a conscious behavioral approach to achieve one's goals by actively developing social relationships and wisely manipulating social opportunities.

Based on a sample of 211 Chinese small business owners, Confirmatory Factor Analysis (CFA) was employed to reexamine the psychometric traits of the 3-factor social skills model (social perception, social adaptability and expressiveness) developed by Baron and Markman (2003). In addition, CFA was also employed to test the newly developed scales on active and elaborate social strategies in this study. By doing so, this study provides more comprehensive measures for business owners' social behaviors.

4.2. Literature Review

4.2.1. Social Skills

In order to effectively interact with others and to achieve a high degree of success one needs social skills (R.A. Baron & Markman, 2000; R. A. Baron & Markman, 2003; Ferris, Witt, & Hochwarter, 2001; Guirdham, 1990b; Riggio, 1986; Witt & Ferris, 2003). Social skills as a term refers to "the highly specific patterns of learned observable behavior, both

verbal and non-verbal, through which we influence others and attempt to meet our needs" (Gesten et al., 1987) (p.27).

Social skills is not a single entity but includes various discrete social skills, for instance, emotional/social sensitivity, emotional/social expressivity, emotional/social control and social manipulation (Riggio, 1986), self-monitoring (Gangestad & Snyder, 2000; Snyder, 1974), self-presentation, communication, persuasion, using power (Guirdham, 1990b) etc, to name just a few. Three of the specific, discrete social skill, which have been shown to be important in entrepreneurial success, are social perception, social adaptability and expressiveness (R. A. Baron & Markman, 2003). "Social perception refers to the accuracy in perceiving others (e.g., their traits, intentions, and motives)". "Social adaptability refers to the ability to adapt to, or feel comfortable in a wide range of social situations." "Expressiveness refers to the ability to express one's emotions and feelings clearly to generate enthusiasm in others." (R. A. Baron & Markman, 2003)(p.46).

Good social skills is usually a balance of several specific, discrete social skills (Riggio, 1986). If social skills is overdeveloped or deficient in one of its specific aspects, it may seriously disturb oneself or other social actors. For example, social perception is one of the basic social skills, but being over sensitive to other people's feelings and behavior may lead to social anxiety instead of accurate understanding; expressiveness is necessary in social interaction, but over talkative people may make others feel bored and or make them flee. I argue that in good social skills several discrete social skills are usually moderately correlated and converge into a harmonic whole.

4.2.2. Social strategies

Social skills are prerequisites, but are not sufficient for effective social interaction. People also need social strategies, especially in dealing with challenging social situations. I use social strategies in the sense of behavioral strategies of the individual owner (in contrast to firm strategies which are not directly linked to the behavior of the owners) (Van Gelderen, Frese, & Thurik, 2000). Social strategies is the behavioral plans applied to social interactions, especially in challenging social situations. Social strategies mainly deals with the issues of "what interaction, with whom, in what order and when are needed to enable one to achieve an objective."(Guirdham, 1990a) (p.400).

Up to this point previous literature has generally grouped social strategies and social

skills together. For example, (Meichenbaum, Butler, & Gruson, 1981) argue that social skills refers to the capacity and knowledge of both *what to do* and *when to display* certain behaviors, in addition to possessing flexibility and behavioral control (Italics was added by me, as in the following sentence). Riggio (1986) describes social skills in terms of learned abilities and *strategies* for interpersonal interaction. Both of these definitions are umbrella concepts, which mix social skills and social strategies together. I argue that social skills and social strategies are related, but also separable. Behaving skillfully doesn't mean planning well (e.g., one has excellent presentation skills, but he/she misuses this skill in an inappropriate situation. That means good social skills, but bad social strategies). On the other hand, planning well also doesn't necessarily mean doing things skillfully (e.g., an individual may preplan a lot in terms of thinking about what she/he can say or do during a future important occasion, but, when the occasion actually occurs, the same individual, lacking basic communication skills, may not do very well.)

Similar to social skills, social strategies is not a single entity, but also includes various specific, discrete social strategies. Some of them are approaching the right person(s), choosing the right type of approach to make, choosing an appropriate time, using an intermediary, deploying third-party pressure and so on (Guirdham, 1990a). In collective cultures like China, people even employ some complicate calculations developed from the ancient military classics (Yeung & Tung, 1996) to deal with social interaction. Two of them are "trade a brick for a piece of jade" and "sacrifice the plum for the peach", which tell people how to gain bigger advantages or successes with smaller investment on favors.

4.2.3. Active and Elaborate Social Strategies

Human beings are active agents instead of passive receivers (Cranach & Kalbermatten, 1982; Frese & Zapf, 1994) and plans may also take the form of a conscious or non-conscious (automatized or routinized) plan (Frese & Zapf, 1994). Therefore, social strategies can be conceptualized into active social strategies and elaborate social strategies along two dimensions: proactiveness vs. the reactive, consciousness vs. the routinized.

Proactiveness refers doing something for future opportunities and problems now (Frese & Fay, 2001). Proactive people usually use a long-term focus and set goals actively by themselves rather than according to specific situations. Active social strategies often initiate to broaden social networks for future use and make people work hard on their own social

skills in order to improve them continuously.

As for the conscious vs. the routinized dimension, one side of it is characterized by a high degree of planning, which is elaborate, detailed and specific(Frese et al., 2005). People with elaborate social strategies pre-plan their words and go into details, wisely manipulating social opportunities according to their goals and in accordance with environment parameters.

Although active social strategies and elaborate social strategies differ in theory, they co-occur and reinforce each other. A long term focus is a prerequisite for active social strategies, but people who are focused on the long term also tend to develop more elaborate social strategies (Frese et al., 2005). Therefore, active social strategies and elaborate social strategies usually converge into active and elaborate social strategies, which refers to a conscious approach to achieve one's goal by developing social relationships and wisely manipulating social opportunities.

Active and elaborate social strategies is not a single, abstract entity but a summary of various specific, discrete social strategies, which possess the same proactive and conscious natures. In other words, active and elaborate social strategies exist in those specific, discrete social strategies mentioned above.

4.3. Method

4.3.1. Sample

The sampling procedure is same as the one in previous chapters. 133 Chinese business owners in Beijing and 78 in a small, less developed rural region named Xunyi were interviewed. In this study I did not differentiate between them because I wanted to produce two measures of social skills and active and elaborate social strategies that are valid throughout China. 65.9% participants were males and the mean of participants' age was 33.86 (SD=7.95).

4.3.2. Measurement

Social skills: 3-factor social skills scales developed by Baron and Markman (2003) were employed. Each scale includes 5 items, which consisted in a statement (e.g., "I am a good judge of other people", "I can easily adjust to being in just about any social situation", "I am very sensitive to criticism from others"). Participants rated the extent to which each statement is true of them on a 5-point scale (1 = definitely not like me; 5 = exactly like me).

Active and elaborate social strategies: Two 5-item scales to measure active social strategies and elaborate social strategies were developed, respectively. Each item consisted in a statement (e.g., “I actively make friends with those people working in government”, “ I make intelligent use gift-giving to build up various social ties ”), which describes a specific, discrete social strategy in business practice. Participants rated the extent to which this statement was true of them on a 5-point scale (1= definitely not like me, 5= exactly like me).

4.3.3. Analytical Approach

For the social skills scales, because this study is a replicate study, I only performed Confirmatory Factor Analysis on the full sample to test its psychometric traits. For the active and elaborate social strategies scales developed in this study, I first employed Exploratory Factor Analysis (EFA) on a half sample, then employed Confirmatory Factor Analysis (CFA) with LISERL 8.20 (Joereskog & Soerbom, 1998) on another half sample. In addition, because of the high correlation between scales and in order to take into account the notion of social skills/strategies as a whole, I also tested whether second-order factor model is fit for the data.

For the purpose of statistical identification and standardization of latent variables, I constrained one of parameters with the highest reliability in each scale to 1.00, and I also set the error variance of one of first-order factors at .001. In additional to that, for the reason linked to statistical identification issue, a constraint must be placed either on one of the regression paths from a second-order factor to a first-order factor, or on the variance of an independent factor. Both parameters cannot be estimated at the same time (Byrne, 1998). Because the impact of second-order social skills on each of the first-order social skills is of primary interest in the second-order CFA model, the variance of the second-order social skills was necessarily constrained to equal 1.0.

4.4. Results

4.4.1. Social Skills

LISREL 8.20 (Joereskog & Soerbom, 1998) and Confirmatory Factor Analysis (CFA) were employed to fit the 3-factor model to the data in the full sample (N=211). In additional to Chi-square test, several other commonly used indices to test the goodness of fit between specified model and the data were also used. Literature proposed that, for Root Mean Square Error of Approximation (RMSEA), a value below .08 is a sign of reasonable fit (Browne &

Cudeck, 1993; Steiger & Lind, 1980); for Goodness Fit Index (GFI) and Comparative Fit Index (CFI), values above .90 indicate acceptable fit of the model (Benter, 1992; Hu & Benter, 1995). The CFA results showed that three-factor model did not achieve an acceptable fit with regard to Chi-square test (χ^2 = 207.26, df=87, p= .00), nor with other goodness fit indices (RMSEA= .08, GFI= .88 and CFI= .79) (cf. the Model 1 in Table 1). In addition, among the three factors expressiveness was positively related to social adaptability (r= .05, n. s.) and negatively related social perception (r= -.06, n. s.).

I next tested several other alternative models like 1-factor model, 1-factor model without expressiveness, 2-factor model without expressiveness etc (cf. Table 1).

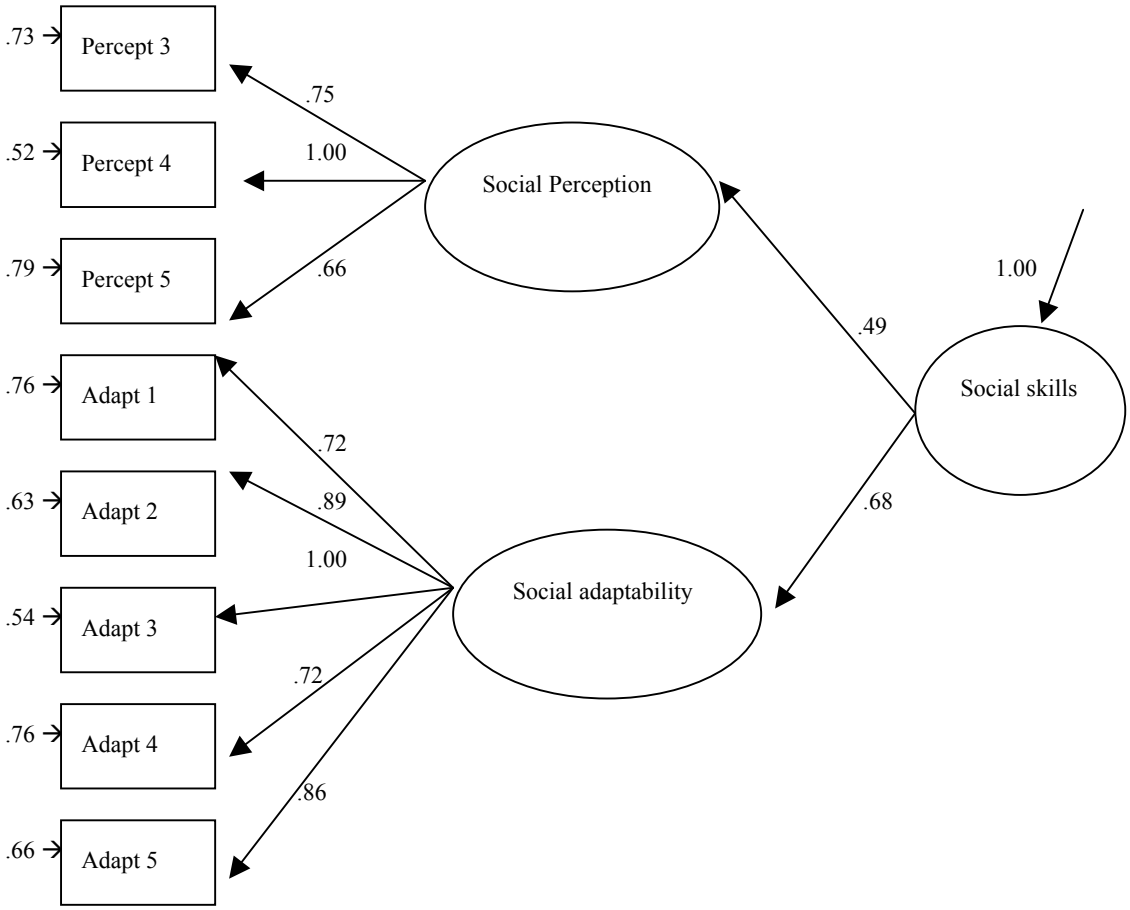
Table 1: The Results of Confirmatory Factor Analysis on the Alternative Models of Social Skills

Model	Description of each model	Goodness of fit indices
1	Three-factor model (social perception 5 items, social adaptability, 5 items and expressiveness 5 items)	χ^2 = 207.26, df=87, p= .00; RMSEA= .08; GFI= .88; CFI= .79
2	One-factor model (15 items mixed together)	χ^2 = 269.10, df= 90, p= .00; RMSEA= .10; GFI= .85; CFI= .65
3	One-factor model without expressiveness (10 items mixed together)	χ^2 = 107.07, df=35, p= .00; RMSEA= .10; GFI= .91; CFI= .82
4	Two-factor model without expressiveness (social perception 5 items and social adaptability 5 items only, but separately)	χ^2 = 81.98, df=34, p= .00; RMSEA= .08; GFI= .93; CFI= .89
5	Two-factor model without expressiveness and the first 2 items in social perception	χ^2 = 35.39, df =19, p= .01; RMSEA= .06; GFI= .96; CFI= .94
6	Second-order factor of social skills (without expressiveness and the first 2 items in social perception)	χ^2 = 35.39, df =19, p= .01; RMSEA= .06; GFI= .96; CFI= .94

Results showed that when the expressiveness scale (Alpha was .56) and the first 2 items in the social perception scale were discarded (additional Exploratory Factor Analysis showed these two items loaded on another factor, which was different from other 3 items in social perception), a new 2-factor model was acceptable (χ^2 = 35.39, df =19, p= .01; RMSEA= .06; 90% confidence interval of RMSEA was from .03 to .10; GFI= .96; CFI= .94). In addition, because of the low alpha for social perception (3 items, Alpha= .57) and the fact that social

perception and social adaptability were highly correlated (r= .70, p< .01), I decided to combine these two factors. A second-order factor of social skills model, which was made up of 3-item social perception and 5-item social adaptability, also showed the same good fit with the data. The specific factor loadings and variances were presented in Figure 1. I call the summary measure of 8 items social skills (Alpha= .75).

Figure 1: The Result of Confirmatory Factor Analysis on Social Skills Scales (Full Sample N=211)



4.4.2. Active and Elaborate Social Strategies

Exploratory Factor Analysis was first employed on half of a sample (N=105). Both Kaiser-Meyer-Olkin measure of sampling adequacy (KMO= .87) and Barttlet's test of sphericity (χ^2 =468.44, df = 45, P< .000) showed that it was good to carry out such an Exploratory Factor Analysis (EFA). The EFA results showed that 10 items loaded well on the two factors as hypothesized (cf. Table 2) and these two factors also can be interpreted as active social strategies and elaborate social strategies, respectively. 61.05% of the total

variance was explained by these two factors.

Further, CFA was employed on another half of sample (N=106). Compared to one-factor model, the two-factor model was better fit with the data (χ^2 =59.32, df = 34, P= .01; RMSEA=. 08; GFI= .90; CFI= .94). The high correlation between active social strategies and elaborate social strategies (r=. 58, p< .01) convinced me to combine the two factors together. A second-order factor model also showed the same good fit to the data. Therefore, the second-order factor model was accepted. The new scale with 10 items was called active and elaborate social strategies (Alphas was .87). The specific factor loadings and variances were presented in Figure 2.

Table 2: The Result of Exploratory Factor Analysis on Active and Elaborate Social Strategies scales (Half Sample N=105)

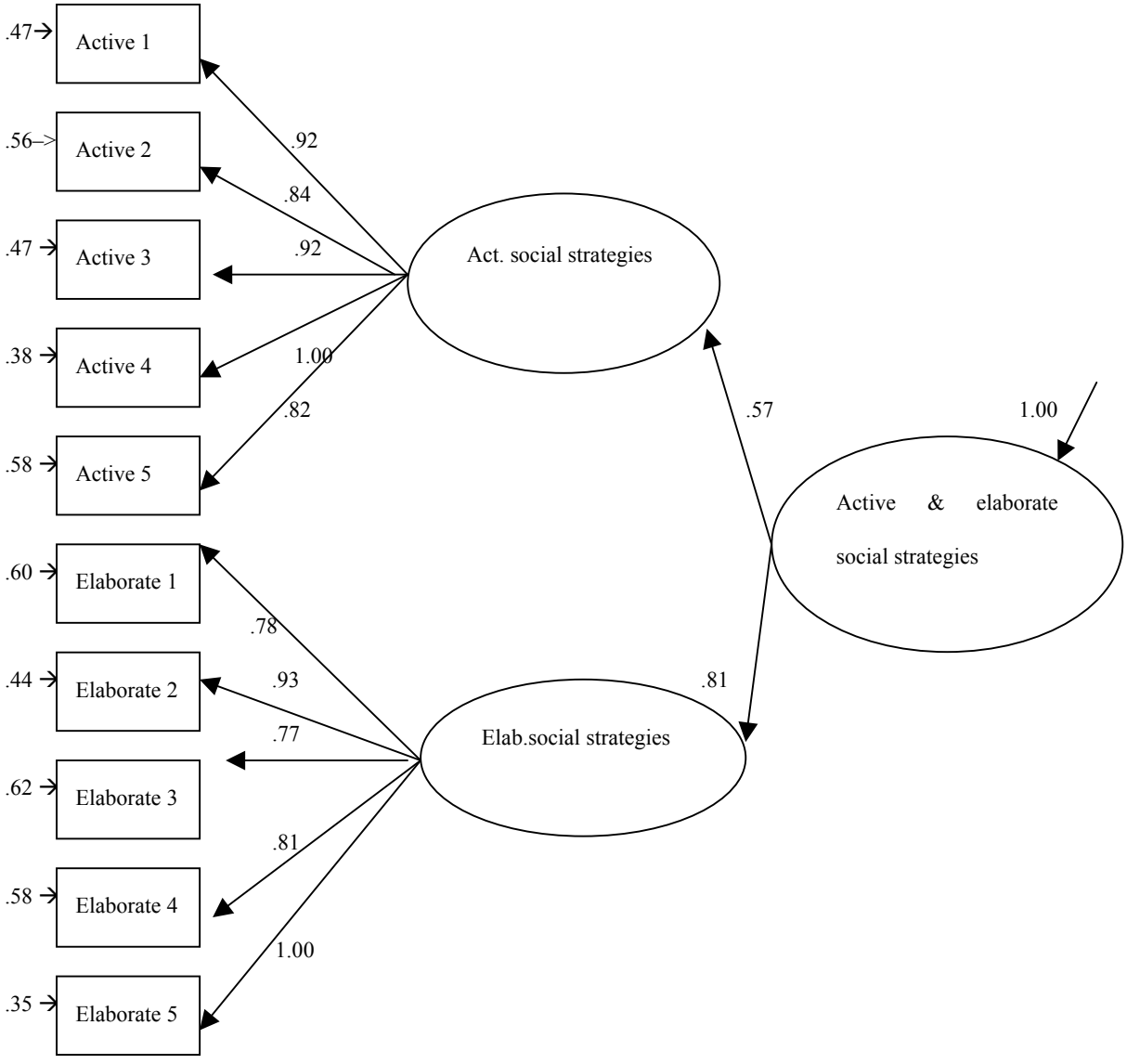
Items	Factor 1	Factor 2
1, I actively make friends with those people working in government.	.68	.32
2, in many situations I initiate talks with strangers to expand my social circle.	.73	.17
3, I try my best to associate with successful people.	.79	.18
4, I actively improve my interpersonal skills	.81	.22
5, I spend much money and time building up broad social networks for future use	.70	.26
6, in order to deal with others well, I intentionally collect information on their personal interests, hobbies, personalities and so on.	.43	.53
7, I make intelligent use of gift giving to build up various social ties.	.26	.80
8, Before I approach any important persons, I carefully pre-plan my words and doing.	.02	.85
9, Whenever I encounter difficulties, I can find the right people to solve them.	.40	.59
10, I skillfully use intermediaries to introduce me to those people with whom I really want to associate.	.41	.73
Eigenvalues	4.89	1.22
Percent of variance explained	48.89	12.15

Note: 1-5 active social strategies; 6-10 elaborate social strategies.

Table 3: The Results of Confirmatory Factor Analysis on the Alternative Models of Active and Elaborate Social Strategies (Half Sample N=106)

Model	Description of each model	Goodness fit of indices
1	Two-factor model (active social strategies 5 items and elaborate social strategies 5 items separately)	χ^2 =59.32, df = 34, P= .01; RMSEA=. 08; GFI= .90; CFI= .94
2	One-factor model (10 items mixed together)	χ^2 =114.28, df = 35, P= .00; RMSEA=. 15; GFI= .82; CFI= .84
3	Second-order social strategies model (two 5-item social strategies scale combined together)	χ^2 =59.32, df = 34, P= .01; RMSEA=. 08; GFI= .90; CFI= .94

Figure 2: The Result of Confirmatory Factor Analysis on Active and Elaborate Social strategies scales (Half Sample N=106)



4.4.3. The Second-Order of General Social Skills/Strategies

Further, the moderate or high correlations between social skills and active and elaborate social strategies (r= .64 in Beijing and .38 in Xunyi, ps< .01) urged me to test whether social skills and active and elaborate social strategies were influenced by another high-level factor (let's call it temporarily the second-order general social skills/strategies). I put the 8-item social skills scale and the 10-item active and elaborate social strategies scales together to test whether a new second-order factor model is also acceptable. CFA showed that such a model did not fit the data well (χ^2 =207.32, df=132, p= .00; RMSEA= .07; GFI= .82; CFI= .88). Therefore, social skills scale and active and elaborate social strategies scale cannot be combined into one scale.

4.5. Discussion

The major contribution of this study is to clearly differentiate social strategies from social skills (or, to put it more empirically, to differentiate active and elaborate social strategies from social skills). In addition, this study showed that active social strategies and elaborate social strategies are two different constructs, but they often co-occur and enforce each other.

With regard to the social skills scales developed by Baron and Markman (2003), this study showed that the expressiveness scale is particularly problematic. In the original study of Baron and Markman (2003) expressiveness was negatively related to social perception and social adaptability (r= -.10, -.05, respectively, n.s.) in the cosmetics industry, but positively related to social perception and social adaptability (r= .10, 10, respectively, n.s.) in the high-tech industry. These checkered relationships of expressiveness with the other two kinds of social skills have already implied that the expressiveness scale may be insufficiently reliable. Further, some items in the expressiveness scale may lack face validity as well. Two of them are "I am very sensitive to the criticisms from others" and "I am often concerned about what others think of me". People with high scores on these two items may show social anxiety instead of good feelings and confidences for themselves. One recent master's thesis employing the same social skills scale with Chinese students (Zhuang, 2004) even showed that the score of the expressiveness scale was positively related to the scores measured by Symptom Checklist-90-R (SCL-90-R), like somatization, obsessive-compulsive behavior,

interpersonal sensitivity, depression, anxiety etc. In addition, culture may also play a role influencing the psychometric traits of the expressiveness scale. Compared to the outgoing American culture, the Chinese culture is more implicative and inward(House, Hanges, Javidan, Dorfman, & Gupta, 2004). The Chinese often express their emotions and feelings less openly. Many participants in this interview even reported that to be a good business owner in China one sometimes has to be able to conceal one's inner feelings and intentions deeply. Thus, the other three items in the expressiveness scale may be not good fit for Chinese culture as well ("people can always read my emotions even if I try to cover them up", "whatever emotion I feel on the inside tends to show on the outside", "other people can usually tell pretty much how I feel at a given time").

In conclusion, the active and elaborate social strategies scales developed in this study along with the refined social skills scales developed by Baron and Markman (2003) provide a more comprehensive measurement for business owners' social behaviors and can be used to study network building and business success in the future.

Chapter 5: Dynamic Network Building and Business Success in China: the function of social skills, active and elaborate social strategies and relationship-oriented personal initiative

5.1. Introduction

Most network theorists discuss networks as structural variables but not as dynamic ones (Hoang & Antoncic, 2003; Morrison, 2002). Once the dynamic issue is in the foreground of theorizing on networks, we need to develop and use constructs that could produce social networks. I argue that one can establish networks by social skills, active and elaborate social strategies and relationship-oriented personal initiative (PI). The basic model of this chapter is described in Figure 1. It argues that business owners need social skills, active and elaborate social strategies and relationship-oriented PI to develop networks, which, in turn, affect business success.

Three constructs are important in bringing forth social networks – social skills, active and elaborate social strategies, and relationship-oriented personal initiative. Social skills refers to "the highly specific patterns of learned observable behavior, both verbal and non-verbal, through which we influence others and attempt to meet our needs" (Gesten et al., 1987) (p.27). Social skills are needed because owners need to be proficient in developing social networks (R.A. Baron & Markman, 2000). With few social skills, there is the danger that owners may make foes out of friends without understanding why. Social skills help to achieve one's goals in the social arena.

The second and third constructs are both active approaches towards the intentional development of social networks. The second construct is active and elaborate social strategies, which is a conscious behavioral approach to achieve one's goals by actively developing social relationships and wisely manipulating social opportunities. The third construct is relationship-oriented PI, which is derived from the personal initiative literature (Frese & Fay, 2001) and defined as a self-starting and proactive approach, which is particularly useful for overcoming barriers encountered in the social area. Relationship-oriented personal initiative is an active approach to produce social networks when they are seen to be important.

In the following, I first review these three concepts of social skills, active and elaborate social strategies and relationship-oriented PI, then discuss the relationships of these three concepts with social networks and finally, describe why broader social networks should lead to higher success.

5.2. Literature Review

5.2.1. Social Networks and the Active Nature of Networking

Social networks, in the broadest terms, are defined by a set of actors (individuals or organizations) and a set of linkages between these actors (Brass, 1992). In this Chapter, I focus on the personal social networks of business owners. Social networks have been theorized as playing a critical role in the entrepreneurial process (Aldrich & Zimmer, 1986); over 70 papers related to new ventures creation process and small to medium-sized firms have been published in this area (Hoang & Antoncic, 2003). A critical review states that "the impact of network structure on venture performance has yielded a number of important findings. In contrast, fewer process-oriented studies have been conducted and only partial empirical confirmation exists for a theory of network development." (Hoang & Antoncic, 2003)(p.165)

Given this state of the literature, it makes sense to look at one particular issue of process: the active approach to business owners towards the environment. There is a large literature on the issue of success in business owners that argues for the active nature of entrepreneurship (J.M. Crant, 1996; G. G. Dess, Lumpkin, & Covin, 1997; Frese & Fay, 2001; Sarasvathy, 2001). This active nature of entrepreneurship should also play a role in the development of networks. It is actually strange that the active nature of network building has not been in the foreground of the network approach of entrepreneurship. Rather, networks have been conceptualized as structural variables, and there has been less emphasis on how they are developed but what effects they have on other variables (e.g., success). I argue for a theory that emphasizes the possibility of owners to develop their own networks but do not overlook the fact that people may have been born or raised within a certain amount of structural networks by family and their early social environment. Therefore, in this chapter I mainly concentrate on the development of social networks in business practice (e.g., networks with other business agents in the market and networks with government officials). Further, social network development can be represented from a variety of perspectives like the enlargement of network size, the improvement of network quality and the optimization of network

structure and so forth. In this chapter I mainly study the enlargement of social network size because it is the most obvious index manifesting the development of a social network. I define network size as the number of people that one usually knows and interacts with.

The literature on employees also suggests that network building can be enhanced by proactive behavior. Newcomers entering an organization, who are using active socialization strategies and tactics, have a better chance to build networks (Ashford & Black, 1996). More proactive newcomers are likely to build stronger and more numerous network ties than those who are less proactive (Morrison, 2002). Such proactive strategies and tactics in relation building, especially with supervisors and bosses, enhance performance appraisals and job satisfaction (Ashford & Black, 1996).

Similarly to employees, literature (R.A. Baron & Markman, 2000; Frese & Fay, 2001; Yeung & Tung, 1996) suggests that networks can be brought about by active behaviors of the owners as well. The active behaviors involve the owners' use of various specific, discrete social skills to interact with others effectively vis-à-vis (social skills), employment of detailed and elaborate approaches to actively enhance and broaden networks and manipulate their social environment in their own interests (active and elaborate social strategies), and to overcome barriers when there are problems in achieving their social goals (relationship-oriented PI).

5.2.2. Social Skills

Being active in the social arena requires social skills. High social skills can leave good impression on others, broaden social networks and optimize social networks. Therefore, scholars have argued that social networks are partly the results of the actors' social skills (R.A. Baron & Markman, 2000).

Social skills include various specific, discrete social skills (R. A. Baron & Markman, 2003; Guirdham, 1990b; Riggio, 1986). Three specific, discrete social skills, which have been shown to be important in entrepreneurial success, are social perception, social adaptability and expressiveness (R. A. Baron & Markman, 2003). "Social perception refers to the accuracy in perceiving others (e.g., their traits, intentions, and motives)". "Social adaptability refers to the ability to adapt to, or to feel comfortable in a wide range of social situations." "Expressiveness refers to the ability to express one's emotions and feelings clearly to generate enthusiasm in others." (R. A. Baron & Markman, 2003)(p.46)

High social skills are necessary for network building, but may not be sufficient. Social

skills are prerequisites but not enough to produce networks because people need to behave actively (and not just skillfully) in order to develop networks.

5.2.3. Active and Elaborate Social Strategies

I use social strategies in the sense of behavioral strategies of the individual owners (in contrast to firm strategies which are not directly linked to the behavior of the owners) (Van Gelderen et al., 2000). Social strategies is the behavioral plans applied to social interactions, especially in challenging social situations. Social strategies mainly deals with the issues of "what interaction, with whom, in what order and when are needed to enable one to achieve an objective."(Guirdham, 1990a) (p.400)

Human being are active agents (Cranach & Kalbermatten, 1982; Frese & Zapf, 1994). They use social strategies to deal with challenging social situations(Nurmi, Tovivonen, Salmela-Aro, & Eronen, 1997). Active social strategies initiate social contacts that lead to the broadening of one's social networks for future use; It also helps one to actively work on one's own social skills to improve them continuously. In addition, strategies can take the form of conscious or non-conscious (automatized or routinized) plans (Frese & Zapf, 1994). I only study the conscious form and, therefore, I call these strategies -- elaborate social strategies. Elaborate social strategies entail the use of plans to think about what one will say and do in social situations; people with elaborate social strategies will attempt to manipulate social opportunities wisely according to their goals and in accordance with situational parameters. The active and the elaborate nature of social strategies co-occur frequently and reinforce each other. A long term focus is a prerequisite to active social strategies, but people who are focused on the long term also tend to develop more elaborate strategies (Frese et al., 2005). Therefore, I call them active and elaborate social strategies (cf. Chapter 4).

Active and elaborate social strategies increase the tendency to utilize social opportunities; in this way, the social network is improved both in terms of size and quality.

5.2.4. Relationship-oriented Personal Initiative

Strategies need to be implemented, and this implementation needs to be started so that barriers and difficulties can be overcome. Therefore, the concept of relationship-oriented personal initiative is introduced in Figure 1. The concept of personal initiative in literature (Frese & Fay, 2001) relates to task-oriented behaviors that are self-starting, proactive and aimed at overcoming barriers. I use the concept somewhat differently, as I am concerned with

those areas of personal initiative that lead to broader and denser social networks. Therefore, I call this concept relationship-oriented personal initiative. Relationship-oriented personal initiative is an active social approach, which is especially useful for overcoming barriers in social interactions. Overcoming barriers means persistence and not giving up easily when confronted with difficulties. In social interactions, social network development is a slow, iterative process, and conflicts and tensions may appear; therefore, persistence is of particular importance. For example, salespeople know the importance of persistence and regular contacts with their important clients. “In many situations it is repeated or regular contact which does more to help you to reach your objective even than the way you handle the interactions themselves” (Guirdham, 1990a) (p.401).

These lead to the following hypothesis:

Hypothesis 1: Social skills, active and elaborate social strategies and relationship-oriented PI are positively related to business owners’ social network size.

5.2.5. Social Skills, Active and Elaborate Social Strategies, and Relationship-Oriented Personal Initiative and Business Success

I argue that the three constructs of social skills, active and elaborate strategies, and relationship-oriented personal initiative influence business success directly, or through social networks (cf. Figure 1). High social skills, active and elaborate social strategies and relationship-oriented PI positively influence the feelings and impressions that others have of owners. They also enable owners to make active use of the social opportunities and resources that social networks afford. Relationship-oriented PI helps to implement plans and overcome barriers to achieve good relationships with important people for the businesses. All of these may be useful in raising capital, gaining customers, engaging in negotiations and forming alliance, etc. and these, in turn, may lead to a high business success. Baron and Markman (2003) have shown the link between social skills and business success, but the relationships of active and elaborate social strategies and relationship-oriented PI with success have not yet been empirically tested.

Hypothesis 2: Social skills, active and elaborate social strategies and relationship-oriented personal initiative are positively related to business success.

5.2.6. Social Network and Business Success

Broader social networks can provide information usable to better detect financial and

business opportunities and profit from them. The networks also provide emotional and social supports, direct help and material resources when they are needed (cf. Chapter 3). The result of these processes is that a broad social network helps owners to increase their business success. The empirical literature supports this supposition and shows relationships between social networks and success (Bian, 2002; Bruederl & Preisendoerfer, 1998; Davidsson & Honig, 2003; Greve & Salaff, 2003; E. L. Hansen, 1995; Kodithuwakku & Rosa, 2002; Uzzi, 1997) (also cf. Chapter 3 this dissertation) (also cf. Chapter 3).

Hypothesis 3: social networks size is positively related to business success

5.2.7. Social Networks as Mediator between Social Skills, Active and Elaborate Social Strategies, Relationship-Oriented Personal Initiative and Business Success

I expect that a large part of the effects of social skills, active and elaborate social strategies and relationship-oriented PI on success works via networks (cf. Figure 1). Social skills, active and elaborate social strategies and relationship-oriented PI broaden network sizes, which, in turn, help business owners to be successful. Proactive social actors build networks before they need them for their businesses and owners with high relationship-oriented PI and good social skills are continuously working on improving their networks in a manner that others find congenial and positive. Empirically, there are some relationships of social networks as mediators playing between network-building human resources practices (as one part of strategic human resources management) and firm performance at an organizational level (Collins & Clark, 2003), however, no study has empirically tested the mediator role of personal social networks in the relationship between the variables in individual level and business success.

Hypothesis 4: Social skills, active and elaborate social strategies and relationship-oriented PI influence business success through social networks. In other words, social networks function as a mediator.

5.2.8. The Chinese Context

Several scholars have pointed out the importance of *guanxi* in the Chinese context (Fock & Woo, 1998; Luo, 1997; Tung & Worm, 2001; Xin & Pearce, 1996; Yeung & Tung, 1996; Zhao & Aram, 1995). The literal meaning of the term *guanxi* is a special personal relationship between two persons. Once *guanxi* is established, one can asks favors from each other continuously. Further, a set of *guanxi* makes up a *guanxi* network (in Chinese, *guanxi*

wang), which is a culture core of Chinese (Hwang, 2000).

Yan (1996) regards *guanxi* as a strategically constructed network of personal connections selected from among all the potential personal relationships. Fan (2002) defines *guanxi* as a process of social interactions, which involve a series of activities that are pre-planned and often involve intermediaries who help in the process of developing a network, for example, to introduce the owner to the right people. As these definitions suggest, *guanxi*, except *guanxi* with family member and relatives, is not fixed once and for all but is dynamically developed. Thus, it is important to understand the dynamics of *guanxi* building and maintenance (Yeung & Tung, 1996).

Dynamic network building is of particular importance in collectivistic societies. China is often conceptualized to be one of the most collectivistic societies in the world (Gelfand et al., 2004; Hofstede, 1980; Triandis, 2003). In collectivistic societies business owners need to first establish good personal relationships with local authorities and other people who hold power over scarce resources, then owners can do business because all transactions progress smoothly (Alston, 1989; Michailova & Worm, 2003; Tung & Worm, 2001; Yeung & Tung, 1996).

Two types of *guanxi* in business practice (Fan, 2002; Peng & Luo, 2000) are particularly relevant for business owners: business *guanxi* and government *guanxi*. Business *guanxi* is largely fostered by market-based transactions, which includes personal connections with customers, suppliers, competitors, business partners and investors and so on. “Good relationships with suppliers may help a firm acquire quality materials, good services, and timely delivery. Similar ties with buyers may spur customer loyalty, sales volumes and reliable payment. Moreover, good relationships with executives at competitor firms may facilitate possible interfirm collaboration and implicit collusion, while minimizing uncertainty”(Peng & Luo, 2000) (p.488). Good relationships with business partners or co-founders may increase morale and competency compensation, strengthen a firm’s competitive advantage; similar good ties with investors help to get sufficient capital for small businesses.

Government *guanxi* in China largely represents “a way to bypass laws and regulations through personal connections with government officials and to obtain special treatment or scarce resources” (Fan, 2002)(p.554). Government *guanxi* includes personal connections with governmental officials at different levels and in different bureaus. Despite more than two decades of economic reform, government officials in China still have a high degree of power

to approve projects, allocate resources, and arbitrarily intervene in businesses' normal functioning (Peng & Luo, 2000; Tung & Worm, 2001; Xin & Pearce, 1996). Peng and Luo (2000) even found that managers' ties with government officials were significantly related to market share and return on asset, while managers' ties to other executives were not.

Thus, I argue that social networks are represented as *guanxi* networks in China. Therefore, the relationships of social skills, active and elaborate social strategies and high relationship-oriented personal initiative should be similar for *guanxi* networks in China as for social networks in general in other societies.

5.2.9. Control Variables

Several demographic and economic variables influence business success or network building. Some of them are gender (Davidsson & Honig, 2003; Forret & Dougherty, 2004), education (Bruederl & Preisendoerfer, 1998; Frese, 2000), years of previous work (Davidsson & Honig, 2003; Frese, 2000), business sectors (Frese et al., 2005) and starting capital (Frese, 2000). In addition, years as business owners, which is similar to firm age, may also influence business growth in assets, sales and profit etc (Davidsson & Wiklund, 2002). Therefore, they should be controlled in this study.

5.3. Method

5.3.1. Sample

The sampling procedure was same as the one in previous chapters (cf. Chapter 2). Two samples of Chinese small business owners were interviewed. 133 were from Beijing and 78 were from an inland, less developed rural region named Xunyi, my hometown. There were some significant regional differences on demographic variables (gender, years as business owners, years of previous working experience and education) and other economic variables (number of employees, starting capital, business sectors) (cf. Chapter 2).

5.3.2. Measurement

The measurements of social skills, active and elaborate social strategies and relationship-oriented PI were also presented in previous chapters (cf. Chapter 2 and 4). Because I only concentrated on the development of business *guanxi* and government *guanxi* in this chapter, only these two kinds of *guanxi* networks' size were measured. Multiple business success measures were employed in two regions, which included number of

employees and business growth in the past 3 years in Beijing, business owners' own asset growth since start-up and subjective performance in Xunyi (cf. Chapter 3).

Control variables: Six demographic and economic variables were controlled. For gender, female was coded as 0 and male as 1; for education, I measured it in 5 degrees (1= elementary school; 5= master or above); for business sector, in Beijing I used three dummy variables to code manufacture, trade (retail and wholesale) and services, respectively, and I assigned other business sectors (high-tech enterprises and mixed types) as a reference category; in Xunyi because there was only 3 cases of manufacture, I deleted them and used only one dummy variable to code the business sector (service as 0 and trade as 1). Other control variables including years as business owner, years of previous working experience and starting capital were measured straightforwardly.

5.3.3. Analytical Approach

Due to the skewed distribution of networks size, number of employees and asset growth since start-up, natural logarithm transformations were performed (Cohen et al., 2003c; Norusis, 1992). Since there were true zeros in the above three variables, I added 1 to the above variables before transformation (Cohen et al., 2003c). The transformed data distributed normally; however, there were 3 outliers (2 in Beijing and 1 in Xunyi), which had scores higher than 3 standard deviations above the mean, so I deleted them. Literature shows that if the number of missing values is less than 5% of whole sample, deleting has little affect on the power effect of the study (Roth & Switzer III, 2002).

I employed the four-step procedure outlined by James and Brett (1984) to test the mediation model. In addition, multicollinearity was tested as part of the regression analyses, using multiple cut-off points including the values of K (Kappa, condition number or index) greater than 30, Tolerance Values of .10 or less (which is equal to Variance Inflation Factor of 10) (Cohen et al., 2003b), or at least two variance proportions greater than .50 (Tabachnik & Fidell, 1996). None of the multicollinearity tests in this study showed serious problems of multicollinearity.

Figure 1: The Theoretical Framework of This Chapter

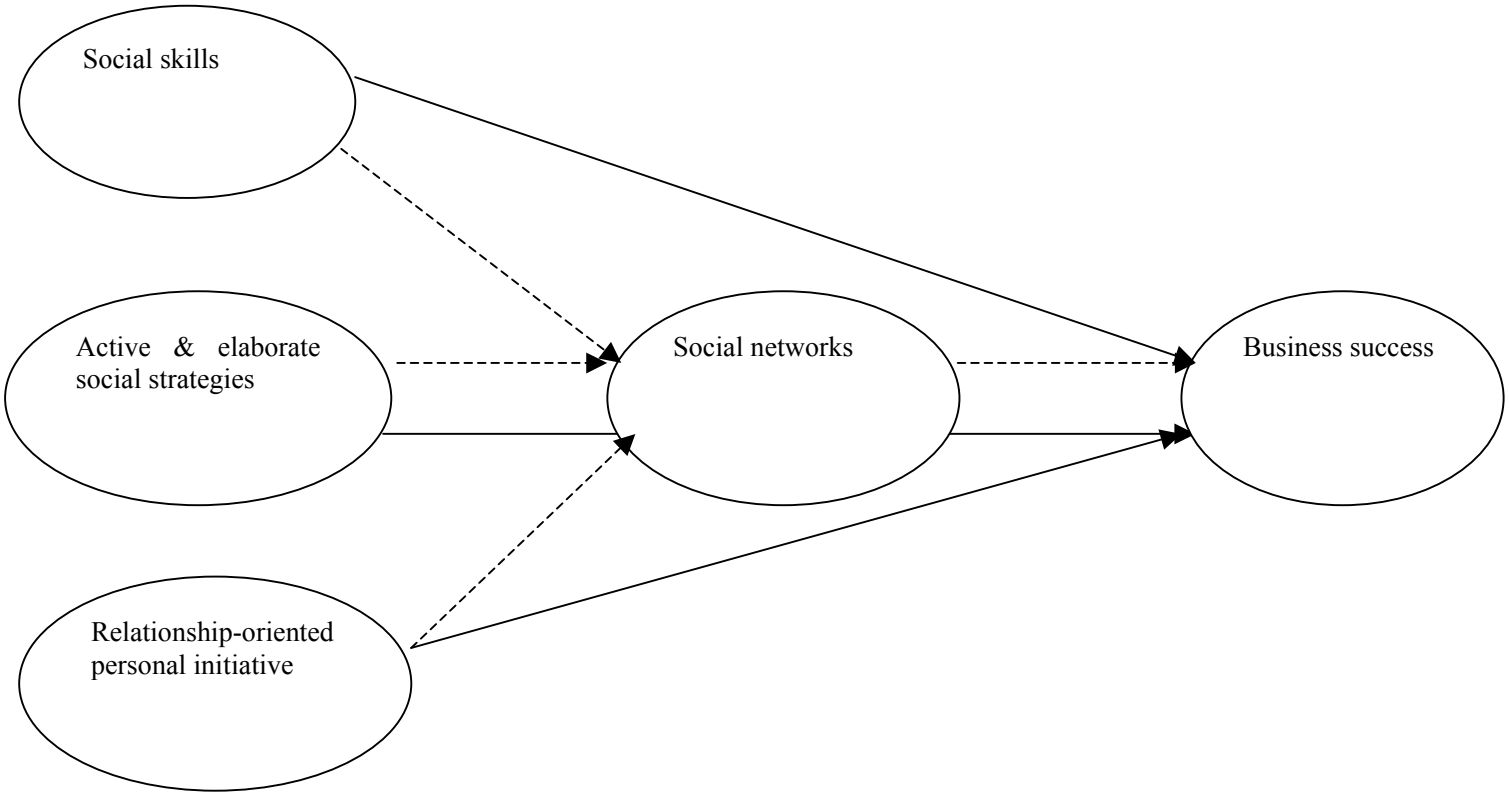


Table 1: Means, Standard Deviations and Intercorrelation in Beijing

	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1, Gender (male=1; female =0)	.74	.44	--													
2, Education	3.29	.97	.09	--												
3, Years as business owners	5.28	3.69	.14	-.28**	--											
4, Years of previous work	6.85	8.69	.05	.05	-.07	--										
5, Manufacturing: dummy variable 1	.10	.30	.08	-.10	.40**	-.08	--									
6, Trade: dummy variable 2	.47	.50	-.18*	-.01	-.21*	-.07	-.31**	--								
7, Service: dummy variable 3	.30	.46	.04	-.13	.10	.09	-.22*	-.61**	--							
8, Starting capital	27.34	37.02	.23**	.24**	.15	.10	.20*	-.23**	-.14	--						
9, Social skills	3.60	.74	.19*	.19*	.07	.22*	.01	-.22*	.19*	.18*	--					
10, Active & elaborate social strategies	3.14	.90	.20*	.17*	.14	.06	.07	-.30**	.17	.19*	.64**	--				
11, Relationship-oriented personal initiative	4.60	1.56	-.03	.22*	-.11	-.08	-.01	-.17	.06	.17*	.16	.24**	--			
12, Business network size	1.97	.44	.07	.14	-.07	-.10	-.14	.10	-.15	.14	.23**	.23**	.25**	--		
13, Government network size	1.06	.66	.05	.24**	.17	.07	.20*	-.12	-.15	.25**	.31**	.41**	.23**	.36**	--	
14, number of employees	1.97	1.02	.19*	.18*	.11	.03	.01	-.29**	.14	.38**	.33**	.36**	.23**	.17	.28**	--
15, Business growth in the past 3 years	4.93	1.11	.00	.39**	-.26**	-.12	-.14	-.04	-.04	.16	.26**	.32**	.32**	.24**	.15	.38**

Note: N=131; * significant at .05 level, ** significant at .01 level (2-tailed); the data in 12-14 were the one after logarithm transformation

Table 2: Means, Standard Deviations and Intercorrelation in Xunyi

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
1, Gender (male=1; female=0)	.52	.50	--											
2, Education	2.58	.91	.13	--										
3, Years as business owners	6.94	3.74	.28*	-.13	--									
4, Years of previous work	3.88	5.77	-.06	.10	-.01	--								
5, Business sector: dummy variable	.85	.36	-.09	-.35**	-.01	.01	--							
6, Starting capital	3.12	6.16	-.11	.03	-.15	.19	-.22	--						
7, Social skills	3.10	.77	.06	.17	.22	.34**	-.09	.21	--					
8, Active & elaborate social strategies	2.70	.98	.16	.00	.15	.15	-.13	.15	.63**	--				
9, Relationship-oriented personal initiative	3.99	1.11	.04	.24*	.24*	.33**	-.18	.04	.45**	.38**	--			
10, Business network size	2.21	.49	.21	.27*	.31**	.18	-.22	.25*	.56**	.33**	.39**	--		
11, Government network size	1.47	.73	.11	.24*	.33**	.12	-.17	.06	.45**	.41**	.50**	.62**	--	
12, Asset growth since start-up	2.04	1.41	.06	.03	.53**	.21	-.10	.35**	.43**	.44**	.65**	.44**	.58**	--
13, Subjective performance	3.56	1.16	-.08	.19	.27*	.19	-.08	.04	.46**	.42**	.66**	.41**	.51**	.61**

Note: N=74; * significant at .05 level, ** significant at .01 level (2-tailed); the data in 10-12 were the one after logarithm transformation

Table 3: The Results of Mediation Regression Analysis in Beijing

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Business *guanxi*	Government *guanxi*	Business growth	No.of employees	Business growth	No.of Employees	Business Growth (Gov. network)	No.of employees (Gov. network)
Gender	.05	-.05	-.03	.07	-.03	.07	-.03	.07
Education	.06	.24**	.30**	.11	.30**	.11	.30**	.11
Years as business owner	.01	.22*	-.18†	.09	-.18†	.09	-.18†	.09
Years of previous work	-.13	.08	-.17*	-.03	-.17*	-.03	-.17*	-.03
Manufacturing	-.25*	.00	-.12	-.15	-.12	-.15	-.12	-.15
Trade	-.08	-.23	-.13	-.23†	-.13	-.23†	-.13	-.23†
Service	-.22	-.27*	-.05	.02	-.05	.02	-.05	.02
Starting capital	.13	.07	.14	.31**	.14	.31**	.14	.31**
R^2	.10	.18	.23	.23	.23	.23	.23	.23
Adjust R^2	.04	.13	.18	.17	.18	.17	.18	.17
F	1.73	3.40	4.51	4.40	4.51	4.40	4.51	4.40
Business *guanxi* network	--	--	--	--	.14	.07	--	--
Government *guanxi* network	--	--	--	--	.06	.17†	.12	.20*
R^2					.25	.26	.24	.26
Adjust R^2					.19	.20	.18	.20
$\triangle R^2$					.03	.04†	.01	.03*
F					4.08	4.20	4.23	4.63
Social skills	.19†	.07	.12	.14	--	--	.12	.13
Active & Elaborate social strategies	.11	.29**	.20†	.13	--	--	.21*	.09
Relation-oriented personal initiative	.18*	.13	.15†	.09	--	--	.15†	.08
R^2	.21	.31	.33	.29			.33	.30
Adjust R^2	.13	.25	.27	.22			.27	.22
$\triangle R^2$	.11*	.13**	.11**	.06*			.09**	.04†
F	2.83	4.92	5.40	4.35			4.92	4.11

Note: N=131; ** significant at .01 level. * significant at .05 level. † significant at .10 level (2-tailed); 'Gov. network' means government *guanxi* network; 'No.of employees' means number of employees; 'Business growth' means business growth in the past 3 years.

Table 4: The Results of Mediation Regression Analysis in Xunyi

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Business *guanxi* network	Government *guanxi* network	Subjective performance	Asset growth since start-up	Subjective performance	Asset growth since start-up	Subjective performance (Gov. network)	Asset growth since start-up (Gov. network)
Gender	.11	.00	-.18	-.02	-.18	-.02	-.18	-.02
Education	.29*	.30*	.25*	.14	.25*	.14	.25*	.14
Years as business owner	.31*	.32*	.33**	.58**	.33**	.58**	.33**	.58**
Years of previous work	.10	.08	.15	.15	.15	.15	.15	.15
Business sectors	-.04	-.04	.01	.07	.01	.07	.01	.07
Starting capital	.29*	.09	.04	.44**	.04	.44**	.04	.44**
R^2	.30	.20	.18	.49	.18	.49	.18	.49
Adjust R^2	.24	.13	.11	.44	.11	.44	.11	.44
F	4.75	2.83	2.43	10.32	2.43	10.32	2.43	10.32
Business *guanxi* network	--	--	--	--	.15	-.02	--	--
Government *guanxi* network	--	--	--	--	.34*	.34**	.41**	.33**
R^2					.33	.58	.31	.58
Adjust R^2					.24	.52	.24	.53
$\triangle R^2$					.15**	.08**	.13**	.08**
F					3.91	10.52	4.30	12.21
Social skills	.43**	.16	.10	-.08	--	--	.07	-.11
Active & Elaborate Social strategies	-.09	.15	.18	.20*	--	--	.15	.18†
Relationship-oriented personal initiative	.13	.29*	.51**	.47**	--	--	.47**	.44**
R^2	.45	.38	.51	.74			.52	.73
Adjust R^2	.37	.29	.44	.67			.45	.68
$\triangle R^2$	.15**	.18**	.33**	.22**			.21**	.15**
F	5.74	4.33	7.36	16.67			6.90	16.16

Note: N=74; ** significant at .01 level. * significant at .05 level. † significant at .10 level (2-tailed); 'Gov. network' means government *guanxi* network.

5.4. Results

The intercorrelation matrices for Beijing and Xunyi (including means and standard deviations) are presented in Tables 1 and 2. The regional mean differences and intercorrelational differences on most of the variables employed in this Chapter have been discussed in Chapter 2 and 3, respectively. Several points need to be repeated here: Xunyi business owners had larger business networks (the mean difference was .24, t= 3.41, df=209, p< .001) and government networks (the mean difference was .42, t= 4.16, df=209, p< .001) than Beijing business owners, but, at the same time Xunyi business owners showed lower self-reported social skills (the mean difference was -.49, t= -3.71, df=209, p< .001), reported fewer active and elaborate social strategies (the mean difference was -.43, t= -3.19, df=209, p< .01) and showed less relationship-oriented personal initiative in the interview (the mean difference was -.61, t=-3.05 df=209, p< .01) than Beijing business owners. In addition, the correlation between business *guanxi* and government *guanxi* in Xunyi was also higher than the one in Beijing (r-to-z test for testing the significance of differences between correlations, z= 2.39, p< .05).

Since there were significant differences between the correlations from Beijing and Xunyi and also because the dependent variables were operationalized in different ways in the two regions, all of the analyses were done separately for Beijing and Xunyi. Hierarchical Regression Analyses are presented in Tables 3 and 4 (Beijing and Xunyi, respectively). The control variables, except gender, showed a number of significant relationships. Education was significantly related to government network size in both regions (β= .24, p< .01 in Beijing and β= .30, p< .05 in Xunyi) and business network size in Xunyi (β= .29, p< .05). Education was also significantly related to business growth in the past 3 years in Beijing (β= .30, p< .01) and subjective performance in Xunyi (β= .25, p< .05). Years as business owners was positively related to government network size in both regions (β= .22 in Beijing and β= .32 in Xunyi, p< .05) and business network size in Xunyi (β= .31, p< .05); in addition, years as business owners was significantly related to subjective performance in Xunyi (β= .33, p< .01) and to asset growth in Xunyi (β= .58, p< .01). Manufacturing industry was significantly negatively related to business network size in Beijing (β= -.25, p< .05) and service industry was significantly negatively related to government network size in Beijing (β= -.27, p< .05). Starting capital was significantly related to business network size in Xunyi (β= .29, p< .05) and significantly related to number of employees in Beijing (β= .31, p< .01) and asset growth

in Xunyi (β= .44, p< .01). These significant relationships show that it was useful to control for these demographic and economic variables in this study.

All hypotheses were tested with the Hierarchical Regression Analyses presented in Tables 3 and 4 (Beijing and Xunyi, respectively), always controlling for the control variables as a first step. Hypothesis 1 states that social skills, active and elaborate social strategies and relationship-oriented PI are positively related to network size. Social skills, active and elaborate social strategies and relationship-oriented PI were positively related to business network size and government network size with significant incremental determination coefficients ($\triangle R^2$ = .11, .13 in Beijing and .15, .18, in Xunyi; all ps < .05) (Models 1 and 2 in Tables 3 and 4). Not all three psychological variables contributed equally to this significant increment, however. Social skills was significantly related to business network size in Xunyi (β=. 43, p< .01) and marginally significantly related to business network size in Beijing (β=. 19, p< .10). Since there was no significant difference between these two Betas (Z =1.83, n.s.), this was a random variation around a mean Beta with a resulting N-weighted average Beta of .28. In addition, there were no significant Betas from social skills to government network size in both regions (β=. 07 in Beijing; β=. 16 in Xunyi; n.s.). Active and elaborate social strategies was positively related to government network size in Beijing (β= .29, P< .01) but not significantly related to government network size in Xunyi (β= .15, n.s.). There was no significant difference between these two Betas (Z= 1.01, n.s.); thus, the two Betas were random variations with a N-weighted average Beta of .24, which is substantial. In contrast, active and elaborate social strategies was not significantly related to business network size in the two regions (β=. 11 in Beijing; β= -.09 in Xunyi, n.s.). Relationship-oriented personal initiative was significantly related to business network size in Beijing (β= .18, p< .05) but not in Xunyi (β= .13, n.s.). However, relationship-oriented personal initiative was significantly related to government network size in Xunyi (β= .29, p< .01) but not in Beijing (β= .13, n.s.). Thus, the relationships between relationship-oriented personal initiative and business network size were all below .20, which is the cut-off point for a small relationship(Cohen, 1988), while there was at least one significant relationship between relationship-oriented personal initiative and government network size. Thus, there were substantial relationships between social skills and business network and substantial relationships between active and elaborate social strategies and relationship-oriented personal initiative on the one hand and government network on the other hand, confirming partially Hypothesis 1.

Hypothesis 2 argues that the three psychological variables - social skills, active and elaborate social strategies and relationship-oriented PI - are positively related to business success. Since I have two different dependent variables in the two data sets, there are in all four relationships that I have to examine in Table 3 and 4 (Models 3 and 4). The increment above the control variables was significant for these three psychological variables together in the two regions with all success variables ($\triangle R^2$ = .06, .11 in Beijing and .22, .33 in Xunyi, p< .05). Again, there were differences in relationships between the three psychological predictors with success. Social skills was not significantly related to any success variables (β= -.08, .10, .12, .14, n. s.). Active and elaborate social strategies was marginally significantly related to business growth in the past 3 years in Beijing (β= .20, p< .10) and asset growth since start-up in Xunyi (β= .20, p< .05), but were not significantly related to number of employees in Beijing (β= .13, n. s.) and subjective performance in Xunyi (β= .18, n. s.). Relationship-oriented PI was marginally significantly related to business growth in the past 3 years in Beijing (β= .15, p< .10) and significantly related to subjective performance in Xunyi (β= .51, p< .01) and asset growth since start-up (β= .47, p< .01) in Xunyi, but was not related to the number of employees in Beijing (β= .09, n.s.). The Betas for relationship-oriented PI were significantly different between Beijing and Xunyi (all four r-to-z calculations were higher than z=2.84). I conclude, that Hypothesis 2 was supported for relationship-oriented PI in Xunyi, and partially supported for active and elaborate strategies in Xunyi, but clearly not supported for social skills.

Hypothesis 3 states that network size is related to success. Since there were two success variables and two data sets, four regression analyses are needed to test this hypothesis (Models 5 and 6 in Tables 3 and 4). Business *guanxi* network was not significantly business success (β= .15, -.02 in Beijing and β= .14, .07 in Xunyi, n. s.). I conclude that there was no relationship of business *guanxi* network with success. This was different for government *guanxi* network size which was marginally significantly related to the number of employees in Beijing (β= .17, p< .10) and significantly related to both success variables in Xunyi (for subjective performance β= .34, p< .05 and for asset growth since start-up β= .34, p< .01); however it was not significantly related to business growth in the past 3 years in Beijing (β= .06, n. s.). This leads one to the conclusion that there are substantial relationships between government *guanxi* network and success, although there was also one exception in Beijing.

Hypothesis 4 implies that social network functions as a mediator between the three psychological variables (social skills, active and elaborate social strategies and relationship-oriented PI) and business success. I tested mediation effect of social network following the procedure outlined by James and Brett (1984) (James & Brett, 1984). The crucial steps are first, the relationship between social skills, active and elaborate social strategies, and relationship-oriented PI to network variables (Hypothesis 1); Second, the relationship of social skills, active and elaborate social strategies and relationship-oriented PI to business success (Hypothesis 2); Third, the relationship of network size to success (Hypothesis 3). The crucial fourth step is to compare the relationship of social skills, active and elaborate social strategies, and relationship-oriented PI to success without (Models 3 and 4 in Tables 3 and 4) and with partialing the mediator network size. Since there were no substantial relationships between business *guanxi* network and success, I concentrate on government network alone (Models 7 and 8 in Tables 3 and 4). Tables 3 and 4 inform us that government network was a partial mediator for the relationship between the three psychological variables and the success variables in both regions. Specifically, partialing the mediator reduced the explained variance of the three psychological variables predicting business growth in the past 3 years in Beijing by .02 (which was a decrease of 18%), reduced the explained variance of the three psychological variables predicting the number of employees in Beijing by .02 (which was a decrease of 33%), reduced the explained variance of the three psychological variables predicting subjective performance in Xunyi by .12 (which was a decrease of 36%), and reduced the explained variance of the three psychological variables predicting asset growth since start-up in Xunyi by .07 (which was a decrease of 32%). Since most increments were still significant after partialing, government network functions as partial mediator with the exception of the prediction of number of employees in Beijing, which leads to a non-significant increment after partialing the mediator. In conclusion, Hypothesis 4 is supported on government networks, but not on business networks.

5.5. Discussion

The hypotheses in this study were most clearly confirmed in Xunyi involving government *guanxi* network as the mediator, but the results in Beijing were less conclusive. Thus, this study partially confirms that three psychological variables - social skills, active and

elaborate social strategies and relationship-oriented PI- were positively related to business success via social network with government. However, the specific contribution of each variable to network building and business success is different.

The three psychological predictors have differential relationships with business gunanxi network and government *guanxi* network. Social skills was clearly related to business network, but not to government network. In contrast, the two active social approaches – active and elaborate social strategies and relationship-oriented personal initiative – were more related to government network, but not to business network (with an exception in business network in Xunyi). This implies that social skills is probably important to develop a network with equals (that is other business agents in market) while active social approaches to network building are necessary in dealing with a network that is, in principle, somewhat farer removed from the owners and that has power over the owners (as is true of local government in China).

Among the three psychological variables – social skills, active and elaborate social strategies, relationship-oriented personal initiative – only relationship-oriented personal initiative was clearly related to business success in Xunyi, although all other Betas of it in Beijing pointed in the same direction and were, at least in one case, marginally significant (for business growth in the past 3 years in Beijing). Active and elaborate social strategies was marginally significantly or significantly related to some success variables in both regions from time to time. In contrast, social skills was not related to business success in either region and even showed one non-significant negative Beta (in Xunyi). One interpretation is that social skills is a more distal variable for business success than the two active approaches, which are more proximal variables for business success because they convert potentialities into actions and fruitful outcomes.

There was a general trend for a partial mediation effect in every one of the four analyses, that is, in each of the analyses there was a reduction of the incremental determination coefficient of social skills, active and elaborate social strategies, relationship-oriented personal initiative predicting success if government network size was controlled for. However, this mediation effect was most pronounced and consistent for the government network in Xunyi. The data also showed that government network was the most consistent predictor for success in the less developed rural area. The larger and more consistent relationships of government network in Xunyi suggest that the power of the local government over the

owners might be higher there than in Beijing. Reasons for this power differential may be due less to owners' resources other than to the government in Xunyi, while the resources are more plentiful in Beijing; another reason may be that, in principle, the government is more approachable in a small town (such as Xunyi) than in a large anonymous city (as Beijing) and, therefore, it is more influential in determining business success in a small towns than in big cities. The result of the lack of relationship of business network to business success is also consistent with Peng and Luo (2000).

Finally, I have to say that the facts of the larger business *guanxi* network and government *guanxi* networks in Xunyi along with the lower social skills, fewer active and elaborate social strategies and less relationship-oriented PI on the part of Xunyi business owners imply that, social network is not only the result of the active and intentional network building, but also is related to environment. In addition, the higher correlation between business network and government network in Xunyi than the one in Beijing also implies that, small, less developed rural regions are more collectivistic than big, developed urban areas (Hofstede, 1980). People in less developed rural regions are more approachable than in big, anonymous cities, and their social networks are tightly intertwined.

5.6. Limitations and Strengths

One limitation of this study was that I operationalized success differently in Beijing and Xunyi. This makes it hard to compare the findings directly. However, I find the higher relationships in Xunyi important since I think that asset growth since start-up is a good measure given the limitations of the field and of doing research in the small or micro business sector in China. Since Xunyi is my hometown, participants trusted me and, therefore, they reported more details than I could have received from the participants in Beijing. Therefore, the results are more meaningful in Xunyi and the stronger support of the Xunyi data for the hypotheses strengthens my conclusion.

The studies were not longitudinal and, therefore, no causal inferences can be drawn. An alternative explanation could be that, social networks and higher business success offer more resources and opportunities to social actors to increase their social skills, to use more active and elaborate social strategies and to perform higher relationship-oriented personal initiative. Therefore, longitudinal studies need to be done in this area.

This study only explored one piece of the whole picture about how individuals develop

social networks. Future research can explore other potential variables suggested in literature, for example, network cognition (Krackhardt, 1992), personality variables like extroversion, agreeableness, locus of internal control and need for power (Morrison, 2002), etc. however, I argue that because personality variables are quite stable across situations, therefore, they are less trainable than the three psychological variables studied here and also less useful for the literature of active social approaches on network building and business success.

There are also some limitations due to the self-reported nature of my measures of social skills and active and elaborate social strategies. Results may be biased by individual self-perception or denials. Future research should employ multiple information sources (e.g., third persons) or more objective measurements (like interviews). However, I think that the measure of relationship-oriented PI does not suffer from these biases because PI is a performance measure within the interview.

Several points also characterize this study. Most networks theorists have studied networks as structural variables but have not studied how these networks were developed. One of the contributions of this study is to look at how owners can actively improve their networks and, thereby, influence their success. Another contribution is that, this study is also one of the first studies that have looked at how *guanxi* is built and maintained (Fan, 2002; Yan, 1996; Yeung & Tung, 1996). If these results can be replicated, and if they can be shown to be longitudinally valid, our results could be used to train people in how to increase their networks and to increase their success.

In addition, by using the individual level constructs, such as personal initiative, which is usually applied in task-oriented situations, this study shows that these constructs can be applied in an equally usefully manner to social networks. This enriches the literature on the active approaches in work and organizational psychology and entrepreneurship(J. M. Crant, 2000; G. G. Dess et al., 1997; Frese & Fay, 2001; Sarasvathy, 2001).

Finally, the two samples design employed in this study makes me validate my findings in different contexts. Further, the huge inequalities between urban China and rural China (Fairbank & Goldman, 1999; Han, 2005; Ravallion & Chen, 2004; Yao, 2002) also make such a cross-validate design more meaningful. Future research on China should not only sample in developed urban areas but also sample in less developed rural regions.

Chapter 6: Conclusion

6.1. Questions Addressed in This Dissertation

Network-based approaches have been showed to be important for entrepreneurship literature (Hoang & Antoncic, 2003). It is especially useful for the understanding of the entrepreneurship in those collectivist cultures like China. Many scholars (Peng & Luo, 2000; Tung & Worm, 2001; Xin & Pearce, 1996; Yeung & Tung, 1996; Zhao & Aram, 1995) have pointed out the importance of *guanxi* in Chinese business practice.

However, several questions have still not been adequately addressed in literature. First, while great divides between urban China and rural China can be found in many areas including entrepreneurship, no study has ever compared the differences and similarities of the entrepreneurship and business owners between rural China and urban China empirically, taking into specific account both economic and sociological variables as well as psychological variables. Second, although the importance of *guanxi* in business practice has become commonplace, very few studies (except Peng and Luo, 2000) differentiate empirically between the various types of *guanxi* that are mutually intertwined in business practice, and therefore, the link between different types of *guanxi* and business success is still not well established. Third, social networks are largely theorized as structural variables instead of dynamic ones (Hoang & Antoncic, 2003; Morrison, 2002). Few studies have ever employed an active social approach to explore how business owners go about establishing social networks in order to achieve a high level of business success.

In order to address the above questions, four studies were conducted in this dissertation. All four studies were based on the same two samples of Chinese small and micro business owners that I interviewed, which included 133 from Beijing and 78 from an inland, less developed rural region named Xunyi, my hometown. This two-sample design helped me to test the regional differences on Chinese entrepreneurship and validate my findings in different contexts.

6.2. The Main Findings in These Four Studies

Study 1 (Chapter 2)

Based on the two data sets, Study 1 (Chapter 2) showed many expected differences in entrepreneurship between urban China and rural China, but showed many unexpected differences and amazing similarities throughout China as well. These included demographic variables, economic variables, business environment difficulty, social networks and three psychological variables, which are closely related to the social arena – social skills, active and elaborate social strategies and relationship-oriented personal initiative.

Study 1 showed that, compared to Xunyi business owners, there were fewer female owners in Beijing. This may be due to fewer job opportunities in former business sectors in Xunyi than in Beijing and also more husband-wife teams as owners in Xunyi. The business owners in both regions were similar in age, but Beijing owners had longer previous working experiences and shorter entrepreneurial experience as business owners than those in Xunyi. Taking the longer schooling of Beijing business owners into account, I conclude that, Xunyi business owners started their businesses earlier than Beijing owners.

In terms of economic variable, Beijing business owners had more starting capital than Xunyi owners. They employed more employees and tended to work in relatively higher-level business sectors, such as high technology and high-level services, than Xunyi owners. In addition, Beijing business owners had a higher sales growth and a profit growth in the past 2 years than Xunyi business owners. The correlation between sales growth and profit growth in the past 2 year in Beijing was higher than the one in Xunyi. This implies that Beijing businesses grow not only more quickly but also make more profits than Xunyi businesses.

Although in terms of objective economic criteria, the business environment in Beijing is better than the one in Xunyi, business owners in Xunyi (contrary to a commonly held view of them) did not perceive their environment as being more difficult than the one in Beijing. This implies that environment difficulty depends greatly on subjective experience, expectations, needs and the fit between person and environment etc. Further, the results showed that, there was no substantial relationship between environment difficulty and business growth (on sales and profit over the past 2 years) in both regions. This may be due to the influence of some contingency variables like business strategies and so on.

Interestingly, Xunyi owners had larger *guanxi* network sizes than Beijing owners, but Xunyi owners reported lower self-reported social skills, reported fewer active and elaborate social strategies and showed less relationship-oriented personal initiatives in the interview than Beijing owners. This implies that social network is also related to environment. Small,

rural regions are more collectivistic than big, anonymous cities (Hofstede, 1980). In addition, the results showed that, the overall *guanxi* network size was more closely related to profit growth in the past 2 years in Xunyi than in Beijing. This may be due to the limited resources and profit-making opportunities available as well as the powerful influences of social networks in poor rural regions.

Finally, among three psychological variables – social skills, active and elaborate social strategies and relationship-oriented personal initiative, the latter two active social approaches were more useful in predicting sales growth and profit growth in the past 2 years than social skills. Further, the relationship between these two active social approaches and business growth in Xunyi were higher than those in Beijing. This may be due to the fact that there are fewer active and elaborate social strategies and lower relationship-oriented PI among the business owners in less developed rural regions than those in big cities, therefore, the business owner who takes advantage of active social approaches in less developed rural regions can reap more benefits than those in big cities.

Study 2 (Chapter 3)

I conceptualized *guanxi* into different types and tested the functional value of different types of *guanxi* in predicting business success.

Largely in contrast to the commonly held belief on the importance of *guanxi* in business practice, this study did not strongly confirm the link between *guanxi* and business success. The result only showed that *guanxi* network (particularly *guanxi* with government officials) was related to business success in less developed rural regions, but not in developed urban areas.

In addition, Study 2 found that strong *guanxi* network size did not perform much better in predicting business success than weak *guanxi* networks. However, the more delicate study of exploring the relationship between the strength of *guanxi* (or social ties) and resources did show that, strong *guanxi* has more advantages than weak *guanxi* in procuring motivational resources and material resources, but not in collecting information.

Moderator regression analysis failed to support the assertion that *guanxi* is more important for younger firms than old firms (Yeung & Tung, 1996). This may be the case, but it may be also due to the difficulties of detecting interaction and moderator effects (McClelland & Judd, 1993).

Study 3 (Chapter 4)

Study 3 mainly differentiated three concepts in theory: social skills, social strategies and active and elaborate social strategies. Meanwhile, serving as a preliminary study for Study 4 (Chapter 5), Study 3 reexamined the psychometric traits of the 3-factor social skills scales developed by Baron and Markman (2003) and tested the new developed active and elaborate social strategies scales.

The results showed that the expressiveness scale in Baron and Markman (2003) lacks good reliability and face validity. Confirmatory Factor Analysis (CFA) showed that only social perception (3-items) and social adaptability (5-items) can be clearly reproduced and constituted a second-order factor of social skills.

In addition, the results also showed that active social strategies and elaborate social strategies are indeed two different constructs in theory, but, as hypothesized, they were highly related in practice. CFA confirmed that active social strategies and elaborate social strategies made up a second-order factor of active and elaborate social strategies.

Further, although social skills and active and elaborate social strategies were highly or moderately related, CFA showed that social skills and active and elaborate social strategies cannot be combined into a higher order factor of general social skills or social strategies. This implies that, as hypothesized, social skills and active and elaborate social strategies are, indeed, not the same constructs.

Study 4 (Chapter 5)

Study 4 (Chapter 5) tested a model of active network building and business success. I argued that three constructs are particularly useful for network building: social skills, active and elaborate social strategies and relationship-oriented personal initiative. These three constructs can influence business success directly or via social networks (as a mediator).

I employed the 4-step procedure outlined by James and Brett (1984) to test the mediation model. First, Hierarchical Regression Analysis showed that the set of social skills, active and elaborate social strategies and relationship-oriented PI were positively related to business network size and government network size. Not all three psychological variables contributed equally to this significant increment, however. Specifically, there were substantial relationships between social skills and business network and substantial relationships

between active and elaborate social strategies and relationship-oriented personal initiative on the one hand and government networks on the other hand. This implies that social skills are probably important to develop a network among equals (that is other business agents in the market) while an active social approach to network building is necessary in dealing with a network that is, in principle, somewhat farther removed from the owners and that has power over the owners (as is true of local government in China).

Second, the set of these three psychological variables in the two regions were positively related to all success variables. Again, there were differences in relationships between the three psychological predictors with success. Relationship-oriented PI was strongly related to business success in Xunyi; active and elaborate strategies had some variable relationship with business success in Xunyi, but clearly social skills was not related to business success in both regions. One interpretation is that, social skills is a more distal variable for business success than the two active approaches which are more proximal variables for business success because they convert potentialities into actions and fruitful outcomes.

Third, consistent with Study 1 and 2 in this dissertation, there was no relationship of business networks with success. However, there were substantial relationships between government networks and success.

Fourth, although there was a general trend for a partial mediation effect in every analysis, it was most pronounced and consistent for government networks in Xunyi. The larger and more consistent relationships of government networks in Xunyi suggest that the power of the local government over the owners might be higher there than in Beijing and that the networks with government are also more influential in determining business success in small towns than in big cities.

6.3. Contributions, Limitations and Implications

Several major limitations of this dissertation need to be mentioned first. One of them is that, this dissertation operationalized success variables differently in Beijing and Xunyi. This makes it hard to compare the findings directly. Another one is that the studies were not longitudinal and, therefore, no causal inferences can be drawn. In addition, some limitations on specific measurements should be improved in the future, for instance, the retrospective procedure employed in exploring the relationship between the strength of *guanxi* and resources (Study 2) as well as the self-reported nature of the measures of social skills and

active and elaborate social strategies.

However, several points also distinguish this dissertation. One of the major strengths in all of these four studies is the two-sample design. It helps me to validate the findings in different contexts. In dealing with the huge divides between urban China and rural China, one will find such a design particularly useful. Specifically, each study also has its own strengths.

As the first study on the comparison of entrepreneurship between urban and rural China, Study 1 confirms the generally accepted notion concerning the significant differences to be found in entrepreneurship between urban and rural China, but, in so doing, it reveals as well some unexpected differences and amazing similarities throughout China. The findings on these unexpected differences and amazing similarities can heighten people's understanding of China. In addition, previous studies mainly limit themselves to those comparisons of often-used demographic, socio-economic variables, but this study explores psychological variables as well making it particularly useful for those individual business owners, who wish to understand their environment deeply and want to change their behavior to achieve higher business success.

Study 2 is one of the first studies to empirically differentiate empirically between the different types of *guanxi* and to explore the functional values of different types of *guanxi* in achieving business success in China. Further, by exploring the role of resources exchanged in social networks, this study goes beyond the sole discussion of the link between *guanxi* and success to delve into the mechanism behind it. Another major contribution of Study 2 is that it puts *guanxi* studies on the broader and more solid theoretical ground of social network theory while enriching the general theory of social networks by exploring its variation in different cultural contexts.

Study 3 clearly differentiates social strategies from social skills or (to put this more empirically, differentiates active and elaborate social strategies from social skills). The active and elaborate social strategies scales developed in this study along with the refined social skills scales developed by Baron and Markman (2003) provide a more accurate and comprehensive measure for business owners' capacities and behaviors.

As the core of this dissertation, one of the contributions of Study 4 is to look at how owners can actively improve their networks and, thereby, also influence their success. In addition, by applying those constructs usually used in task-oriented situations, such as personal initiative, to social network theory, Study 4 also enriches the literature on the active

approaches in work and organizational psychology and entrepreneurship(J. M. Crant, 2000; G. G. Dess et al., 1997; Frese & Fay, 2001; Sarasvathy, 2001). Finally, this study is also one of the studies that looks at how *guanxi* is built and maintained. If these results can be replicated and if they can be shown to be longitudinally valid, they can be used to train people in how to increase their networks and to increase their successes.

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Appendix A: Questionnaire and Interview Procedure

(English Version)

Part 1: demographic information

1, I am: 1) the only one founder of this business; 2) one of the founders of this business; 3) not the founder, but the business owner at this moment;

(If you are not one of the above three, please stop here! this interview is not fit for you)

2, Firm age or the years as business owner: _____

3, the number of employees in my business now: 1) full-time employees: _____; 2) Part-time employees: _____; 3) overall employees: _____

(* If family members or relatives get salary from this business, they also belong to employees)

4, my gender: 1) male; 2) female;

5, my age: _____

6, my highest education level that I achieved up to now: 1) elementary school; 2) junior middle school; 3) senior middle school; 4) college level or Bachelor degree 5) Master degree or above

7, before I started my own business, I ever worked _____ years in government or other firms.

8, the business sector that my business is running in now: 1) Manufacture: including factory, repair-shop, construction etc; 2) Trade: including retail and wholesale; 3) Service: including restaurant, hair-beauty shop, information consulting etc; 4) High-tech; 5) Mixed type: In over two kinds of business sectors at the same time.

9, the starting capital of my business: _____ Yuan.

Part 2: Social skills scale

Source: These three scales were from Baron & Markman (2003).

Instructions: There are no right or wrong answers to the following questions, so we recommend that you simply read the question quickly and answer to the *best of your knowledge*. Please simply circle one number of each item to indicate the extent to which each

of the following statement is true about you.

1	2	3	4	5
definitely not like me	a little like me	it is somewhat like me	it is like me	it is exactly like me

Social Perception

1. I am a good judge of other people
2. I can usually recognize other's traits accurately by observing their behavior
3. I can usually read others well-tell how they are feeling in a given situation
4. I can tell why people have acted the way they have in most situations
5. I generally know when it is the right time to ask someone for a favor

Social adaptability

1. I can easily adjust to being in just about any social situation
2. I can be comfortable with all types of people- young or old, people from the same or different backgrounds as myself
3. I can talk to anybody about almost anything
4. People tell me that I'm sensitive and understanding
5. I have no problems introducing myself to strangers

Expressiveness

1. People can always read my emotions even if I try to cover them up
2. Whatever emotion I feel on the inside tends to show on the outside
3. Other people can usually tell pretty much how I feel at a given time
4. I am very sensitive to criticism from others
5. I am often concerned about what others think of me

Part3: Active and Elaborate Social Strategies Scale

Source: These two social strategies scales were developed in this study.

Instructions: There are no right or wrong answers to the following questions, so we recommend that you simply read the question quickly and answer to the *best of your knowledge*. Please simply circle one number of each item to indicate the extent to which each of the following statement is true about you.

1	2	3	4	5

definitely not like me	a little like me	it is somewhat like me	it is like me	it is exactly like me

Active Social Strategies

1. I actively make friends with those people working in government
2. In many situations I initiate to talk with strangers to expand my social circle
3. I try my best to associate with those successful people
4. I actively improve my interpersonal skills
5. I spend much money and time on building up broad social network for future use

Elaborate Social Strategies

1. I smartly make use of gift giving to build up various social ties
2. Before I approach important persons, I carefully pre-plan my words and doing
3. Whenever I meet difficulties, I can find right persons to solve them
4. I skillfully use intermediary to introduce me to those people whom I really want to associate
5. I can make full use of the most appropriate chances to approach those people whom I really want to link

Part 4: Environment Dynamism and Munificence Scale

Source: Dynamism scale was from Priem, Rasheed & Kotulic (1995) and Munificence scale was from Hambrick & Finkelstein (1987), but I changed few words to adapt to Chinese business environment.

Instructions: There are no right or wrong answers to the following questions, so we recommend that you simply read the question quickly and answer to the best of your knowledge. Please simply circle one item to indicate the extent to which each of the following statement is true about your business environment.

1	2	3	4	5
definitely not like mine	a little like mine	it is somewhat like mine	it is like mine	it is exactly like mine

Dynamism

1. Our firm must frequently change its products and practices to keep up with competitors.
2. Products/services quickly become obsolete in our industry.
3. Actions of competitors are quite easy to predict. (R)
4. Consumer tastes are fairly easy to forecast in our industry. (R)
5. Technology changes more quickly in our industry ~~(than in the healthcare industry)~~.

Munificence

1. There are few external threats to the survival and well-being of our firm.
2. Our markets are rich in investment capital.
3. ~~(Economic development programs)~~ (local government) offer sufficient support for our business community.
4. Our markets are rich in profitable opportunities.
5. Our firm operates in a threatening business environment.(R)

(Note: the items with (R) are reverse coded.)

Part 5: *Guanxi* Network Size Interview

Source: this objective measure on network size was developed in this study

Instructions:

In this part we want to know how many people you usually interact in your business practice. First, we promise to keep confidentiality in any situations; second, you also need not to report your social ties' real names. What you need to do is just to estimate the amount of *guanxi* you have in each group as exact as possible in the following table.

In addition, please classify the number of people in each group into "strong *guanxi*" and "weak *guanxi*" according to the following criteria: 1) interaction frequency; 2) intimate degree and 3) trust. If you interact frequently and feel intimate and trust with someone highly, they go to strong *guanxi*; otherwise belong to weak *guanxi*.

The least requirement for including someone as your *guanxi* should at least satisfy two conditions: 1) know this person' name; 2) ever contacted with her/him face to face before.

If you have no any social ties in some group, please draw "X" in the corresponding place.

		The amount of Strong *guanxi*	The amount of weak *guanxi*
1	Family members who ever provided you help		
2	Relatives who ever provided you help		
3	Non-business friends, e.g., schoolmate, daily friends.		
4	Suppliers		
5	Buyers or customers that you know personally		
6	Competitors		
7	Business partners or co-founders		
8	Private investors		
9	Political leaders in various levels		
10	Officials in industrial bureaus		
11	Officials in regulatory organizations like tax bureau and commercial administration		
12	Officials in legal institution like police office, court and inspection system		
13	Officials in state-owned banks		

Part 7: Business Success

1. Number of employees (including full-time employees and part-time employees)

	2000	2001	2002	2003
Number of employees				

2. Business growth in the past 3 years

Instructions: please evaluate your business growth (number of customers, sales and profit) in the past 3 years in 7-point scale. For instance, compared with 2000 the sales (or profit, customers) in 2001 has “declined more than 60%”, or “declined between 60%-30%”, or “declined less than 30%”, or “kept same”, or “increased less than 30% ”, or “increased 30-60%” or “increased more than 60%”.

Note: This measure was employed in Beijing only.

Customers	>-60%	-60~-30%	<-30%	same	<30%	30~60%	>60%
2001-2000							
2002-2001							
2003-2002							

Sales	>-60%	-60~-30%	<-30%	same	<30%	30~60%	>60%
2001-2000							
2002-2001							
2003-2002							

Profit	>-60%	-60~-30%	<-30%	same	<30%	30~60%	>60%
2001-2000							
2002-2001							
2003-2002							

3. The absolute sales (or profit) in the past three years

Note: this measure was employed in Xunyi only

	2000	2001	2002	2003
Yuan/day				
Yuan/month				
Yuan/year				

4. The relative sales (or profit) growth in the past three years

	2001-2000	2002-2001	2003-2002	2003-2000	2003-2001	2002-2000
Sales						
Profit						

5. Business owner's own asset growth since start-up

Instructions: in this part we want to know how successful you are in your business. We ensure that in any situations we will not let the third party to know the information that you provided. We need you to report the following data as exactly as possible: 1) starting capital; 2) the

money borrowed from others (e.g., bank, family, friends, relatives etc) in the starting capital; 3) the money borrowed from others now; 4) the money lending out to others (e.g., customers, other business owners, etc) now; 5) the money taken out from this business in these years as business owners (e.g., personal saving, major life cost, house buying, etc); 6) the money that they can get if they sell their businesses out now, which include goods, furniture and so on.

The yeas since start up or the years as business owner is: _____

	Overall capital	The money borrowed from others	The money lending out to others	The money taken out from this business up to now	The value of this business if sold out
In the beginning of start-up	(1)	(2)	XXX	XXX	XXX
Now	XXX	(3)	(4)	(5)	(6)

6. Subjective performance measurement:

Source: this measurement was from Frese et al (2000) and Krauss (2003) in Africa studies

a) How successful do you think others say you are as a business owner?

b) How successful are you as a business owner compared to your competitors?

c) How satisfied are you with your work as a business owner?

d) How satisfied are you with your current income?

not at all successful ( ) 1	not that successful ( ) 2	medium successful ( ) 3	somewhat successful ( ) 4	very successful ( ) 5

Part 8: Personal Initiative Interview

Source: overcoming barrier procedure developed by Frese et al (2000) was employed in this study, but I developed three new scenarios, which is more related with social oriented tasks.

Instructions:

"In this part I will present you a number of difficult situations. Tell me, what one could do in such a situation; use your creativity."

Present the first barrier of the first scenario. When the barrier is overcome, reply: "Pretend for a moment that this does not work". If the participant is not satisfied with this, give a more specific barrier. Be sure that participant accepts the problem as a problem.

If a barrier is not overcome, don't present a new barrier. Repeat the question/ barrier again. If there is no answer, don't go further, but start with a new scenario. The same applies when the participant repeats (a bit of a variation) of a previous solution. Ask for a different solution "What else can one do?" If no new solution comes up, stop and start with a new scenario. Repeat the whole procedure until there are no any further ideas. Write a detailed protocol of participants' answers.

After the interview, on the basis of the protocol, count the number of barriers overcome and also rate the activeness of each solution. The maximum number of barriers overcome and the highest degree of activeness in all solutions are averaged to get an index for participants' relationship-oriented personal initiative.

The three scenario are following: 1) suppose that your key employee (e.g., the best salespeople or technician) wants to resign, and if he or she leave, your business will be greatly affected; 2) suppose that your goods or service has some serious quality problems, some dissatisfied customers want to spread this in mass media or even want to sue you in the court; 3) suppose that you gave your customer a big deal of credit, but you can't get the money back.

Part 9: The Strength of *Guanxi* and Different Resources Interview

Sources: the measurement of strength of social ties (interaction frequency and intimate degree) was from Brown & Konard (2001); the measurement on three kinds of resources (material, motivational and informational) was basically based on Jenssen & Koenig (2002). The whole interview procedure was developed in this study.

Instructions:

Please first think out 6 specific helpers, who ever gave you some help or resources during your entrepreneurial business practice. You can write down their names or alias in the left column of the following table. To ensure confidentiality, you can cut down the name list after this interview.

Please rate the strength of social ties with each helper at the moment when you got helps or resources on the 2-item (interaction frequency and intimate degree) 7-point scale. For interaction frequency, 1=rarely; 7=daily or more frequently; For the intimacy of the relationship, 1=feel very uncomfortable in any discussion; 7=can discuss anything including my most personal thoughts. Be careful, please try your best to recall the strength of social ties at the moment when helps happened instead of the strength of the *guanxi* now.

Meanwhile, please rate the amount of resources that you obtained from each helper on the 3-item (informational, motivational and material resource) 5-point scale. *Informational resources* include expertise, advice, financial source, information on customers, suppliers, and competitors etc. *Motivational resources* include emotional supports, encouragement and comfort etc. *Material resources* include labors, material and money and so on. 1=very rare, 5= a lot.

	Helpers' Real name or alias	The interaction frequency with this person when you got her/his resources or helps	The intimate degree with this person when you got her/his resources or helps	Material resources that she/he gave you (e.g., money, labor, material etc.)	Motivation resources that she/he gave you (e.g., encouragement, comfort etc.)	Information resources that she/he gave you (e.g., advices, business ideas. Finical sources etc.)
1		rarely daily or more 1 2 3 4 5 6 7	Uncomfortable very good 1 2 3 4 5 6 7	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5
2		rarely daily or more 1 2 3 4 5 6 7	Uncomfortable very good 1 2 3 4 5 6 7	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5
3		rarely daily or more 1 2 3 4 5 6 7	Uncomfortable very good 1 2 3 4 5 6 7	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5
4		rarely daily or more 1 2 3 4 5 6 7	Uncomfortable very good 1 2 3 4 5 6 7	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5
5		rarely daily or more 1 2 3 4 5 6 7	Uncomfortable very good 1 2 3 4 5 6 7	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5
6		rarely daily or more 1 2 3 4 5 6 7	Uncomfortable very good 1 2 3 4 5 6 7	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5	Very rare a lot 1 2 3 4 5

Appendix B: Questionnaire and Interview Procedure

(Chinese Version)

第一部分：公司及个人信息

1， 您是该公司的:（1）唯一的创始人;（2）创始人之一;（3）虽然不是创始人，但是现在的企业主。

（***如果您不是以上三者之一，该研究不适合您，请停止!）

2， 贵公司成立有多长时间了？（或者您自己独立创业的时间）_____年

3， 目前贵公司员工的数量:(1)全职员工_____;(2)兼职员工_____;(3)总数量_____。（***如果家庭成员或者亲戚领取工资地话，也算员工;）

4， 性别:（1）男;（2）女;

5， 年龄：_____

6， 您所达到的最高学历:（1）小学;（2）初中;（3）高中;（4）大专或者本科;（5）硕士或者以上。

7， 在自己独立创业之前您是否曾经在政府机关或者其他公司工作过？（1）是;（2）否。如果“是”地话，工作了多长时间？_____年

8， 贵公司所属的行业:（1）生产型/工厂/修理部;（2）贸易（批发，零售）;（3）服务业（餐馆，咨询，中介等）;（4）高新技术企业;（5）混合型/多行业。

9， 贵公司的最初注册资金额：_____万元

第二部分:

该部分我们想了解您是如何与别人打交道的。以下问题无所谓正确或者错误与否，所以我们建议您快速地阅读题目，然后尽可能准确地判断每一个描述在多大程度上比较像您，然后在相应的数字上画圈。

		完全不符合我自己	有一点像我	比较像我	很大程度上像我	完全符合我自己
2.1	我看人看得很准	1	2	3	4	5
2.2	通过观察一个人的行为我能准确地判断他/她的性	1	2	3	4	5

	格特点					
2.3	我通常能很敏锐地觉察到一个人在特定情境下的内心感受	1	2	3	4	5
2.4	我能说出一个人在很多情境下为什么要那样做的原因	1	2	3	4	5
2.5	我通常知道什么时候是寻求别人帮助的最佳时机	1	2	3	4	5
2.6	我能调整自己以适应各种社会环境	1	2	3	4	5
2.7	我可以和各种各样的人打交道—老的少的，或者不同生活背景的	1	2	3	4	5
2.8	我几乎可以和任何人谈论任何事情	1	2	3	4	5
2.9	人们总说我是很敏感，很善解人意的	1	2	3	4	5
2.10	我可以毫不困难地把自己介绍给陌生人	1	2	3	4	5
2.11	即使我试图掩盖我的情绪，别人也会很容易看透我	1	2	3	4	5
2.12	我是一个情绪易于外露的人	1	2	3	4	5
2.13	别人通常可以非常好地说出我在特定时刻的内心感受	1	2	3	4	5
2.14	我对于别人的批评非常敏感	1	2	3	4	5
2.15	我经常会考虑别人对我的看法	1	2	3	4	5

第三部分：该部分也是想了解您是如何和人打交道的。它的要求和第二部分完全一样。

		完全不符合我自己	有一点像我	比较像我	很大程度上像我	完全符合我自己
3.1	我主动地和那些在政府机关工作的人交朋友	1	2	3	4	5
3.2	在人群中我主动地和陌生人谈话以扩大我的社会圈子	1	2	3	4	5
3.3	我尽可能地去结交那些成功人士	1	2	3	4	5
3.4	我主动地提高自己的社交能力	1	2	3	4	5
3.5	我花费金钱和时间建立广泛的社会关系以备将来之用	1	2	3	4	5
3.6	我现在与我生活不同阶段的朋友仍保持着联系	1	2	3	4	5

3.7	当我换了工作以后我很少和以前的同事再联系	1	2	3	4	5
3.8	我能把握住最合适的时机去接近我想接近的人	1	2	3	4	5
3.9	逢年过节的时候我会问候那些平时很少联系的一般熟人	1	2	3	4	5
3.10	为了和别人很好相处，我主动收集他们的个人信息，爱好和性格特点等	1	2	3	4	5
3.11	我可以恰到好处地运用送礼的方式疏通各种关系	1	2	3	4	5
3.12	当我接近一个重要的人物前，我会事先设想好如何去说，去做等。	1	2	3	4	5
3.13	每当我遇到难题的时候，我总是可以找对人去解决它	1	2	3	4	5
3.14	我可以巧妙地利用中间人把我介绍给我想认识的人	1	2	3	4	5
3.15	在很多人聚会的时候，我可以主动地和其中我不认识的人谈话	1	2	3	4	5
3.16	我主动地寻找潜在的客户	1	2	3	4	5
3.17	我有目的地阅读一些讲授如何与人打交道的书	1	2	3	4	5
3.18	我主动地向生活中那些善于交际的人学习	1	2	3	4	5

第四部分：在这一部分中我们想知道您是如何看待您的商业环境的。请根据自己的所有知识尽可能准确地请选择一个合适的数字以代表自己对周围商业环境的看法。

注：也许贵公司从事着在多个行业，那么请指出您对贵公司主要业务（或者公司主要收入来源行业）的商业环境的看法。

		完全错误	大部分错误	有点错误	基本正确	完全正确
4.1	我们公司必须经常改变自己的产品和战略以跟上竞争对手	1	2	3	4	5
4.2	在我们这个行业中现有的产品和服务很快就过时了	1	2	3	4	5
4.3	我们的竞争对手的行动很容易预测	1	2	3	4	5
4.4	在我们这个行业中顾客的口味可以很容易地预测	1	2	3	4	5
4.5	在我们这个行业中技术更新地非常快	1	2	3	4	5
4.6	很少有外在危险可以危及我们公司的存在和发展	1	2	3	4	5

4.7	在我们这个市场上有很多的资金可以利用	1	2	3	4	5
4.8	当地的政府为我们营造了良好的商业环境，提供了充分的支持	1	2	3	4	5
4.9	我们所在的市场上充满了有利可图的商业机遇	1	2	3	4	5
4.10	我们公司在一个充满危险的环境中运营的	1	2	3	4	5

第五部分：在这一部分中我们想知道您的社会关系情况，想知道您都认识哪些人。我们不需要知道他们是谁，我们只请您尽量准确地回想他们的数量；并请您根据以下标准把他们分类成“一般关系”和“很好的关系”：1）联系的多少。2）亲密的程度。联系多，比较亲密的人都属于您的“很好的关系”，反之属于“一般关系”。如果您没有相关的关系，直接在空白处打上“X”。

		“一般关系”的数目	“很好的关系”数目
5.1	给予您帮助的家人		
5.2	给予您帮助的亲戚		
5.3	非生意上的朋友（如同学，老乡等）		
5.4	供应商（上家，您的进货渠道等）		
5.5	客户（公司级的大买主，或者零散的客户等）		
5.6	私人投资者		
5.7	生意上的合伙人或者策略联盟		
5.8	竞争对手		
5.9	各级政府官员（乡，镇，区，县，市，省等）		
5.10	本行业的主管部门（比如教育，卫生等）		
5.11	工商税务		
5.12	公检法等机关		
5.13	国有银行和金融机构		

第六部分：贵公司的经营状况

该部分我们想了解贵公司的经营状况。我们再次强调保密性原则，请您放心。也请您如实地填写自己的经营业绩。

1，贵公司的员工数目（包括全职员工和兼职员工）

	2000 年	2001 年	2002 年	2003 年
员工数目（个）				

2，过去三年中客户数目变化（在合适的地方画上“X”）

	减少60%以上	减少30-60%	减少，小于30%以下	相同	增长，但是少于30%	增长30-60%	增长60%以上
2001年相比2000年							
2002年相比2001年							
2003年相比2002年							

3，过去三年中销售额变化（在合适的地方画上“X”）

	减少60%以上	减少30-60%	减少，小于30%以下	相同	增长，但是少于30%	增长30-60%	增长60%以上
2001年相比2000年							
2002年相比2001年							
2003年相比2002年							

4，过去三年中利润变化（在合适的地方画上“X”）

	减少60%以上	减少30-60%	减少，小于30%以下	相同	增长，但是少于30%	增长30-60%	增长60%以上
2001年相比2000年							
2002年相比2001年							
2003年相比2002年							

5，过去三年绝对销售额

总量	2001年	2002年	2003年
元/日			
元/月			
元/年			

销售额变化	增加，减少或不变	百分比
2001年相比2000年		
2002年相比2001年		
2003年相比2002年		

6， 过去三年中绝对利润

总量	2001 年	2002 年	2003 年
元/日			
元/月			
元/年			

利润变化	增加，减少或不变	百分比
2001 年相比 2000 年		
2002 年相比 2001 年		
2003 年相比 2002 年		

7， 企业主个人或者公司资产变化情况：自您开始创业以来的_____年内

万元	总投入资金	自己的负债情况	在这些年中总共从该企业中抽走的资金	如果公司现在清算后的资产	总资产
最初创业时			000000	XXXXXXX	
现在	XXXXXX				

8.1，作为一个创业者，从别人的眼里看，您觉得别人认为您有多成功？

根本不成功	不那么成功	中等程度地成功	比较成功	很成功
1	2	3	4	5

8.2，作为一个创业者，相比较自己的竞争者来说，您觉得自己有多成功？

根本不成功	不那么成功	中等程度地成功	比较成功	很成功
1	2	3	4	5

8.3，作为一个创业者，我对自己的职业的满意的程度？

根本不成功	不那么成功	中等程度地成功	比较成功	很成功
1	2	3	4	5

8.4，作为一个创业者，我对自己目前的收入的满意的程度？

根本不成功	不那么成功	中等程度地成功	比较成功	很成功
1	2	3	4	5

第七部分：PI 访谈

“现在我将展示一些比较困难的情景，请告诉我，一个人在这样的情景下会怎样做？请运用您的创造力”

情景 1：假设您现在资金短缺，无法购买必要的原材料，机器或者雇佣必要的人手（CASH）

情景 2：假设关键员工（最好的技术人员或者最好的销售员）要打算离开，而且他们的离开会很大程度上影响贵公司的业绩（HRM）。

情景 3：假设您的产品或者服务出现问题，有人威胁要在媒体（报纸，互联网）或者上人群中大肆渲染（CUSTOMER SERVICE）。

情景 4：假设有一大笔的销售资金收不回来，或者有人赊帐可是收不回来，而且这笔资金可能使得公司缺钱了（SALES）

第八部分：请列出过去对您的创业有过帮助的六个人的名字，并评价您和他们当时的关系（交往的频繁程度和亲密程度）以及他们给予您的帮助的多少（包括物质的，精神的和信息上的）。

1）不需要您列出他们的具体姓名，也可以在旁边使用简单的标记（化名或者代号）以提醒自己。该访谈完之后，您可以把左边的条目裁掉。

2）注意，这里指的关系一定要是当时的关系，而不是现在的；也许您和该人现在的关系已经发生变化，关系更好或者关系已经决裂。我们想知道的是当时的关系

	名字或者代号	您与该人交往的频繁程度（每天，每几天，每周，每月几次，每月，每年等）	您与该人的亲密程度 （很疏远，疏远，一般，亲密，很亲密）	该人给您物质上帮助的多少（钱，物和人手等）	该人给您精神上的支持的多少（安慰，鼓励等）	该人给您信息上的帮助的多少（建议，经验，各种信息渠道等）
1		少 1 2 3 4 5 6 7 多	差 1 2 3 4 5 6 7 好	少 1 2 3 4 5 多	少 1 2 3 4 5 多	少 1 2 3 4 5 多
2		少 1 2 3 4 5 6 7 多	差 1 2 3 4 5 6 7 好	少 1 2 3 4 5 多	少 1 2 3 4 5 多	少 1 2 3 4 5 多
3		少 1 2 3 4 5 6 7 多	差 1 2 3 4 5 6 7 好	少 1 2 3 4 5 多	少 1 2 3 4 5 多	少 1 2 3 4 5 多
4		少 1 2 3 4 5 6 7 多	差 1 2 3 4 5 6 7 好	少 1 2 3 4 5 多	少 1 2 3 4 5 多	少 1 2 3 4 5 多
5		少 1 2 3 4 5 6 7 多	差 1 2 3 4 5 6 7 好	少 1 2 3 4 5 多	少 1 2 3 4 5 多	少 1 2 3 4 5 多
6		少 1 2 3 4 5 6 7 多	差 1 2 3 4 5 6 7 好	少 1 2 3 4 5 多	少 1 2 3 4 5 多	少 1 2 3 4 5 多

Aktive Entwicklung sozialer Netzwerke und Beziehungen zum Erfolg chinesischer Klein- und Mikrounternehmer

Deutsche Zusammenfassung

EINLEITUNG

Der wirtschaftliche Aufschwung in China seit 1978 kann vorwiegend auf ein aktives Unternehmertum zurückgeführt werden. Diese Dissertation versucht, den fortwährenden Wandel zu verstehen, insbesondere die Rolle, die soziale Netzwerke und aktiver Aufbau von Netzwerken für den Unternehmenserfolg in China spielen.

Soziale Netzwerke werden im weitesten Sinne als Gruppe von Akteuren (Individuen oder Organisationen) und den Verbindungen zwischen diesen Akteuren definiert (Brass, 1992). In dieser Dissertation konzentriere ich mich auf persönliche soziale Netzwerke von Unternehmern. Soziale Netzwerke wurden theoretisiert und spielten eine kritische Rolle im Unternehmensprozess (Aldrich & Zimmer, 1986). *Guanxi*, was soviel bedeutet wie besondere persönliche Beziehungen, ist ein Urkonzept für persönliche soziale Netzwerke in China. Es hat sich als sehr wichtig für chinesische Unternehmenspraktiken herausgestellt (Peng & Luo, 2000; Tung & Worm, 2001; Xin & Pearce, 1996; Yeung & Tung, 1996; Zhao & Aram, 1995).

Obwohl die Bedeutung von *Guanxi* allgemein anerkannt ist, basiert ein Großteil der bisherigen Forschung (mit Ausnahme von Peng und Luo, 2000) auf kleinen Stichproben oder qualitativen Studien (Fan, 2002; Peng & Luo, 2000). Viele Studien konzentrieren sich auf ausländische Investmentgesellschaften und mittlere oder große Firmen während Klein- und Mikrounternehmern, die eine Hauptkraft der chinesischen Wirtschaft konstituieren, weitgehend unbeachtet bleiben.

Nur wenige Studien unterscheiden empirisch zwischen den verschiedenen Typen von *Guanxi*, die in Unternehmensabläufen zum Tragen kommen (Fan, 2002). Daher ist die Beziehung zwischen *Guanxi* und Unternehmenserfolg noch immer nicht bekannt.

Des Weiteren diskutieren Theoretiker diese Netzwerke als strukturelle, jedoch nicht als dynamische Variablen (Hoang & Antoncic, 2003; Morrison, 2002). Ein kritischer Review

gibt an, dass “der Einfluss von Netzwerkstrukturen zu einer Reihe von wichtigen Ergebnissen auf die Unternehmensperformance führt“. Im Gegensatz dazu wurden nur wenige prozessorientierte Studien durchgeführt, und es gibt kaum empirische Befunde für eine Theorie der Netzwerkentwicklung (Hoang & Antoncic, 2003)S.165). Legt man diese Literatur zugrunde, macht es Sinn, sich einen Punkt des Prozesses genauer zu betrachten, nämlich die aktive Annäherung von Unternehmern an ihre Umgebung. Anders ausgedrückt, wie Unternehmer aktiv soziale Netzwerke aufbauen, um einen größeren Unternehmenserfolg zu erzielen.

Diese Dissertation versucht, die erwähnten Fragen abzuhandeln. Sie beinhaltet sechs Kapitel. Mit Ausnahme von Kapitel 1 (Einleitung) und Kapitel 6 (Zusammenfassung), befasst sich jedes Kapitel mit einer separaten Fragestellung.

Diese vier Studien beruhen auf derselben Stichprobe, die ich zwischen August und Dezember 2003 interviewt habe. Um Wiederholungen zu vermeiden, fasse ich zunächst die Fragen und Hypothesen jedes Kapitels zusammen, erläutere dann den Studienablauf und die Messmethoden und gehe schließlich auf die Ergebnisse, die Beiträge und Einschränkungen ein.

FRAGEN UND HYPOTHESEN

Studie 1

Der Umschwung in Chinas Wirtschaft bezieht sich nicht nur auf den Wandel von einer Planwirtschaft zur Marktwirtschaft, sondern auch auf den Wandel von einer landwirtschaftlichen zu einer industriellen Gesellschaft (Han, 2005; Yao, 2002). Die enormen Ungleichheiten zwischen dem urbanen und dem ländlichen China sind in vielen Bereichen zu finden, wie z. B. im Pro-Kopf-Einkommen, in der Gesundheitsversorgung sowie im Bildungswesen und der Verwaltung zu finden. Bis heute haben jedoch keine Studien die Unterschiede und Gemeinsamkeiten von Unternehmertum und Unternehmensinhabern zwischen dem urbanen und ländlichen China verglichen und dabei sowohl ökonomische und soziologische Variablen als auch psychologische Variablen berücksichtigt.

Studie 1 (Kapitel 2) versucht, diese Lücke durch einen Vergleich von Unterschieden und Gemeinsamkeiten der meisten Variablen, die in dieser Dissertation verwendet werden, zu schließen. Dies beinhaltet demographische Variablen, wirtschaftliche Rahmenbedingungen, soziale Netzwerkgröße, drei psychologische Variablen (soziale Fähigkeiten, aktive und

elaborierte soziale Strategien sowie beziehungsorientierte Eigeninitiative) sowie konomische Variablen wie Verkauf und Wachstum von Gewinn, Grundkapital, Unternehmensbereiche, die Anzahl der Angestellten usw.

Studie 1 vermittelt somit ein umfassendes Verständnis für das chinesische Unternehmertum und seine Unternehmer.

Studie 2

Wie bereits erwähnt, unterscheiden frühere Studien selten zwischen den verschiedenen Formen von *Guanxi*. Aus diesem Grund ist der Zusammenhang zwischen *Guanxi* und dem Unternehmenserfolg immer noch unklar. Um auf diesen Bereich genauer einzugehen, werde ich zuerst *Guanxi* in verschiedene Klassen aufteilen und anschließend die Beziehung zwischen diesen verschiedenen Klassen von *Guanxi* und dem Unternehmenserfolg an einer großen Stichprobe von Kleinunternehmen untersuchen.

Bezüglich der Beschaffenheit, der sozialen Grundlagen, der ausgetauschten Güter und der grundlegenden Werte (Fan, 2002) kann *Guanxi* unterteilt werden in Familen-*Guanxi*, nicht-geschäftliche Freunde, Geschäfts-*Guanxi* (persönliche Beziehungen zu andern Akteuren auf dem Markt und Regierungs-*Guanxi* (persönliche Beziehungen mit Regierungsbeamten auf verschiedenen Ebenen). Im Hinblick auf die Stärke sozialer Verbindungen (z. B. Häufigkeit, Grad des Vertrauens) (Granovetter, 1973) kann *Guanxi* in schwach und stark eingeteilt werden. Haben diese verschiedenen Formen von *Guanxi* den gleichen Einfluss auf den Unternehmenserfolg in China? Ist das Regierungs-*Guanxi* wichtiger als andere *Guanxi*? Ist ein starkes *Guanxi* für den Unternehmenserfolg sinnvoller als ein schwaches, so wie es Yeung und Tung (1996) behaupten? Und ist *Guanxi* nützlicher für jüngere Firmen als für ältere Firmen? Wenn ja, welcher Mechanismus steckt dahinter?

Die Hypothesen, die ich in Studie 2 untersucht habe, sind folgende:

Hypothese 1: Das Ausmaß an allgemeinem *Guanxi* korreliert positiv mit dem Unternehmenserfolg.

Hypothese 2: Das Ausmaß an Familien-*Guanxi*, das Hilfe und Ressourcen für Geschäftsinhaber bereitstellt, korreliert positiv mit dem Unternehmenserfolg.

Hypothese 3: Das Ausmaß an *Guanxi* mit nicht-geschäftlichen Freunden steht nicht in Zusammenhang mit dem Unternehmenserfolg.

Hypothese 4: Das Ausmaß an Geschäfts-*Guanxi* korreliert positiv mit dem

Unternehmenserfolg.

Hypothese 5a: Das Ausmaß an Regierungs-*Guanxi* korreliert positiv mit dem Unternehmenserfolg.

Hypothese 5b: Die Korrelation zwischen Regierungs-*Guanxi* und dem Unternehmenserfolg ist höher als alle anderen Korrelationen zwischen den *Guanxi*-Variablen und dem Unternehmenserfolg (Familien-*Guanxi*, nicht-geschäftliche Freunde, Geschäfts-*Guanxi*).

Hypothese 6: Die Stärke der *Guanxi* (oder sozialen Verbindungen) korreliert nicht signifikant mit der Menge an Informationen, die jemand erhält.

Hypothese 7: Die Stärke der *Guanxi* (oder sozialen Verbindungen) korreliert positiv mit den motivationalen Ressourcen, die jemand erhalten kann.

Hypothese 8: Die Stärke der *Guanxi* (oder sozialen Verbindungen) korreliert positiv mit den materiellen Ressourcen, die jemand erhalten kann.

Hypothese 9: Die Korrelation zwischen starkem *Guanxi* und dem Unternehmenserfolg ist größer als die zwischen schwachem *Guanxi* und dem Unternehmenserfolg in China.

Hypothese 10: Wenn die anderen Variablen konstant bleiben, ist die Korrelation zwischen dem Ausmaß an *Guanxi* und dem Unternehmenserfolg in jüngeren Firmen größer als in älteren Firmen.

Studie 3

Studie 3 (Kapitel 4) stellt die Ergebnisse der konfirmatorischen Faktorenanalyse zu den sozialen Fähigkeitsskalen von Baron und Markman (2003) (R. A. Baron & Markman, 2003) und den neue entwickelten Skalen der aktiven und elaborierten sozialen Strategien dar.

Ich argumentiere, dass soziale Fähigkeiten und soziale Strategien zwar zusammenhängende Konstrukte sind, jedoch auch unabhängig voneinander betrachtet werden können. Soziale Fähigkeiten sind spezifische Muster von gelerntem, beobachtetem Verhalten (Gesten, Weissberg, Amish, & Smith, 1987), wohingegen soziale Strategien Verhaltenspläne sind, um mit herausfordernden sozialen Situationen umzugehen.

Des Weiteren sind Menschen aktiv Handelnde anstatt passive Empfänger, und ein Plan kann die Form eines bewussten oder unbewussten (automatisierten oder routinierten) Plans annehmen (Frese & Zapf, 1994). Aus diesem Grund können soziale Strategien in aktive soziale Strategien und elaborierte soziale Strategien unterteilt werden. Diese beiden sozialen

Strategien treten oft parallel auf und verstärken sich gegenseitig. Ich definiere aktive und elaborierte soziale Strategien als einen bewussten Verhaltensansatz, bei dem Ziele erreicht werden, indem soziale Beziehungen aktiv aufgebaut werden und soziale Gelegenheiten geschickt genutzt werden.

Studie 4

Der Hauptteil dieser Dissertation, Studie 4 (Kapitel 5), plädiert für einen Ansatz aktiven Netzwerkaufbaus als Grundlage für Unternehmenserfolg in China. Ich behaupte, dass die meisten Theoretiker Netzwerke als strukturelle anstatt als dynamische Variablen sehen. Wenn erst einmal der dynamische Aspekt in den Vordergrund gerückt wird, müssen Konstrukte entwickelt und auch genutzt werden, die dann soziale Kontakte produzieren. Ich behaupte, dass Geschäftsinhaber soziale Fähigkeiten, aktive und elaborierte soziale Strategien und beziehungsorientierte Eigeninitiative benötigen, um Netzwerke aufzubauen, die dann wiederum den Unternehmenserfolg beeinflussen.

Soziale Fähigkeiten der Unternehmer sind notwendig, um soziale Netzwerke aufzubauen (R.A. Baron & Markman, 2000). Hohe soziale Kompetenzen hinterlassen einen guten Eindruck bei anderen und sind hilfreich, um soziale Netzwerke zu erweitern. Obwohl soziale Fähigkeiten die Voraussetzung sind, reichen sie nicht aus, um Netzwerke aufzubauen. Menschen müssen vielmehr aktiv an der Entwicklung arbeiten anstatt sich nur “geschickt zu verhalten”. Das zweite und dritte Konstrukt sind beide aktive Herangehensweisen. Aktive und elaborierte Strategien nutzen Pläne, die sich damit auseinandersetzen, was in sozialen Situationen gesagt bzw. getan werden kann. Sie initiieren soziale Kontakte, die für den Aufbau sozialer Netzwerke zukünftig von Nutzen sind. Menschen mit aktiven und elaborierten sozialen Strategien arbeiten ebenfalls aktiv an ihren eigenen sozialen Fähigkeiten, um diese kontinuierlich zu verbessern, oder sind bestrebt, soziale Gelegenheiten für ihre Ziele und Zwecke zu nutzen. Des Weiteren müssen Strategien entwickelt werden, um Barrieren und Schwierigkeiten aus dem Weg zu räumen. Aus diesem Grund ist das Konzept einer beziehungsorientierten Eigeninitiative notwendig. Beziehungsorientierte Eigeninitiative wird in der Literatur als eigenständige proaktiver Bewältigung von Schwierigkeiten in aufgabenorientierten Situationen definiert (Frese & Fay, 2001). Beziehungsorientierte Eigeninitiative ist besonders bei der Bewältigung von Schwierigkeiten in sozialen Interaktionen von Nutzen. Die Bewältigung von Barrieren bedeutet Ausdauer und nicht

schnell aufgeben, wenn man mit Schwierigkeiten konfrontiert wird. In sozialen Interaktionen kann es zu Spannungen und Konflikten kommen. Aus diesem Grund ist Ausdauer von großer Wichtigkeit.

Das führt zu den folgenden Hypothesen:

Hypothese 1: Soziale Fähigkeiten, aktive und elaborierte Strategien und beziehungsorientierte Eigeninitiative korrelieren positiv mit dem Umfang sozialer Netzwerke von Unternehmern.

Hypothese 2: Soziale Fähigkeiten, aktive und elaborierte Strategien und beziehungsorientierte Eigeninitiative korrelieren positiv mit dem Unternehmenserfolg.

Hypothese 3: Der Umfang sozialer Netzwerke korreliert positiv mit dem Unternehmenserfolg.

Hypothese 4: Soziale Fähigkeiten, aktive und elaborierte Strategien und beziehungsorientierte Eigeninitiative beeinflussen den Unternehmenserfolg durch soziale Netzwerke. In anderen Worten, soziale Netzwerke fungieren als Mediatoren.

METHODE

Stichprobe

Ich interviewte 133 Klein- und Mikrounternehmer in Peking und 78 in einer weniger entwickelten ländlichen Gegend namens Xunyi im Nordwesten von China. In jeder Region habe ich zufällig Straßen ausgesucht (12 Straßen in Peking und drei Straßen in Xunyi) und habe dann nach und nach Firmen in der Reihe der Hausnummern aufgesucht und um Teilnahme gebeten. Unternehmer, deren Unternehmen bereits vier Jahre (Peking) bzw. drei Jahre (Xunyi) bestand, wurden interviewt. Weil die Interviews sehr zeitaufwendig waren (60-90 Minuten) und sehr heikle Fragen beinhalteten (z.B. Unternehmenserfolg) war die Zahl der Absagen in Peking sehr hoch (67%). In Xunyi jedoch, was meine Heimatstadt ist und wo viele Kleinunternehmer meine Familie kennen, war die Zahl der Absagen sehr viel niedriger (4%). Diese Region hat ca. 260.000 Einwohner mit einem Pro-Kopf-Einkommen von US$250 pro Jahr, was sehr viel niedriger ist als das Durchschnittseinkommen pro Kopf von US$1.000 in China bzw. US$1.900 in Peking 2003.

In Peking gab es weniger Unternehmerinnen als in Xunyi (47,4% in Xunyi und 26% in Peking). Die Unternehmer waren in beiden Regionen etwa gleich alt. Unternehmer aus Peking hatten längere Arbeitserfahrung (der Unterschied der bisherigen Arbeitserfahrung lag

bei 2.84, p< .01), aber kürzere Erfahrungen als Unternehmer (der Unterschied lag hier bei -1.64, p< .01) als Unternehmer aus Xunyi. Dazu waren die Unternehmer aus Peking besser ausgebildet als die in Xunyi (χ^2 =29.76, p< .001).

Messung

Soziale Fähigkeiten: Ich verwendete die 3-Faktoren-Skala für soziale Fähigkeiten (soziales Auffassungsvermögen, soziale Anpassungsfähigkeit und Ausdrucksfähigkeit) von Baron und Markman (2003). Die konfirmatorische Faktorenanalyse zeigte, dass nur soziales Auffassungsvermögen (drei Items) und soziale Anpassungsfähigkeit (fünf Items) genau definiert werden konnten und ebenfalls einen zweiten Faktor sozialer Fähigkeiten ergaben (α = .75, 8 Items).

Aktive und elaborierte soziale Strategien: Zwei 5-Item-Skalas wurden entworfen, um aktive soziale Strategien (α = .83) und elaborierte Strategien (α = .80) zu messen. Die konfirmatorische Faktorenanalyse zeigte, dass zwei Skalen einen Faktor zweiter Ordnung für aktive und elaborierte soziale Strategien ergaben (α = .88, 10 Items).

Beziehungsorientierte persönliche Initiative: Ich verwendete das Verfahren zu Bewältigung von Schwierigkeiten von Frese et al (Frese, Fay, Hilburger, Leng, & Tag, 1997; Krauss, 2003) als Grundlage für die Messung von beziehungsorientierter Eigeninitiative. Ich präsentierte den Teilnehmern drei Szenarien, die sich auf soziale Interaktionen in der Unternehmenspraxis beziehen (z.B.: Stellen Sie sich vor, dass Ihr bester Verkäufer oder Ihr bester Techniker kündigen möchte und das einen großen Einfluss auf die Unternehmensleistungen hat.) und bat sie darum, Lösungsvorschläge zu nennen. Aus der maximalen Anzahl der Hürden sowie dem Grad der aktiven Lösungsvorschläge der Teilnehmer (eingestuft in einer 5-stufigen Skala) wurde der Durchschnitt errechnet, um einen Wert für beziehungsorientierte Eigeninitiative zu erhalten (α = .83 in Peking, α = .91 in Xunyi).

Netzwerkgröße: Eine selbstzentrierte Netzwerkmethode, sprich eine Methode, die sich nur auf eigene soziale Netzwerke der Teilnehmer bezog, wurde entwickelt. Ich teilte verschiedene *Guanxi*typen (Familien-*Guanxi*, nicht-geschäftliche Freunde, Geschäfts-*Guanxi* und Regierungs-*Guanxi*) in mehrere detaillierte Untergruppen ein und befragte die Teilnehmer, wie viele Leute sie in den jeweiligen Untergruppen kannten. Des Weiteren sollten die Teilnehmer die Netzwerkgröße (oder die Anzahl der *Guanxi*) jeder Untergruppe in

schwaches und starkes *Guanxi* sowie hinsichtlich der Häufigkeit der Kontakte und der Vertrautheit der Beziehungen einteilen. Schließlich summierte ich die Untergruppen, um die verschiedenen *Guanxi*typen und das allgemeine *Guanxi* einschätzen zu können.

Hinsichtlich der Stärke von *Guanxi* und der Ressourcen verwendete ich eine rigidere Methode, um die Beziehung zwischen diesen beiden Variablen in sozialen Netzwerken zu untersuchen (Hypothese 6-8 in Studie 2). Ich bat die Teilnehmer zuerst, mir sechs Leute (Helfer genannt) aufzuzählen, die ihnen eine Form von Ressourcen zu Verfügung gestellt hatten, die bei der Gründung des Unternehmens von Nutzen waren. Danach bat ich die Teilnehmer, für jeden Helfer die Stärke des *Guanxi* zum Zeitpunkt des Erhalts der Ressource auf einer 2-Item (Häufigkeit des Kontakts und Grad der Vertrautheit der Beziehung) und 7-Punkte-Skala zu beurteilen. Drittens bat ich die Teilnehmer, die Ressourcen, die sie von den Helfern erhalten hatten, auf einer 3-Item (informative, motivationale und materielle Ressourcen) und 5-Punkte-Skala zu beurteilen.

Unternehmenserfolg: Mehrfachindikatoren für Unternehmenserfolg wurden verwendet, da diese ausführlichere Informationen über den Unternehmenserfolg liefern als einfache Indikatoren (Davidsson & Wiklund, 2002). Jede Erfolgsmessung basierte auf einer Pilotstudie, die fünf Interviews beinhaltete. Ich verwendete die Anzahl der Angestellten von heute und das Unternehmenswachstum (Umsätze, Gewinn und Zahl der Kunden) der letzten drei Jahre in Peking. In Xunyi verwendete ich zusätzlich zum Angestelltenverhältnis die subjektive Performancemessung von Frese et al (Frese, 2000b; Krauss, 2003). Dazu entwickelte ich ein spezielles Maß für das Vermögenswachstum der Unternehmer seit der Gründung.

Schwierigkeiten im Umfeld: Die Dynamik-Skala von Priem, Rasheed, & Kotulic (1995) und die Freigiebigkeits-Skala von Hambrick & Finkelstein (1987) wurden hier verwendet. Aufgrund der niedrigen Kronbachs Alphas (.30 für die Dynamik-Skala und .45 für die Freigiebigkeitsskala) rekodierte ich die Items der Freigibigkeits-Skala und fügte alle zehn Items zusammen, um einen einzelnen Index zu erhalten. Ich nenne ihn Schwierigkeiten im Umfeld. Kontrollvariablen: Die Literatur (Davidsson & Honig, 2003; Forret & Dougherty, 2004; Frese, 2000a) zeigt, dass die folgenden sechs demographischen und ökonomischen Variablen ebenfalls mit sozialen Netzwerken oder Unternehmenserfolg korrelieren können. Diese sind das Geschlecht, Ausbildung, vergangene Berufserfahrung, die Zeit als Unternehmer, Unternehmenssektoren und Anfangskapital.

ERGEBNISSE

Studie 1

Die Ergebnisse zeigen, dass Unternehmer aus Peking ein größeres Anfangskapital hatten als Unternehmer in Xunyi (Mittelwert 24,520 Renminbi yuan, $p < .001$). Unternehmer aus Peking beschäftigten außerdem mehr Angestellte als Unternehmer aus Xunyi (Mittelwert 13.05, $p < .001$) (die meisten Unternehmer aus Xunyi waren Einzelunternehmer). Unternehmer aus Peking waren vorwiegend auf höheren Ebenen tätig, wie z.B. High-Technology und Dienstleistungen höhere Ebene ($\chi^2 = 29.76$, $p < .001$; 80.8% der Unternehmer aus Xunyi besaßen Einzelhandelsgeschäfte und es gab ebenfalls keine High-Tech-Unternehmen dort.) Dazu konnten Unternehmer aus Peking höhere Umsatz- und Gewinnzahlen der letzten zwei Jahre vorweisen als Unternehmer aus Xunyi (Mittelwert .80 and .91, $p < .01$). Die Korrelation zwischen Umsatzwachstum und Gewinnwachstum der letzten zwei Jahre in Peking war ebenfalls signifikant höher als die in Xunyi ($Z = 2.84$, $p < .01$). Das bedeutet, dass Unternehmen in Peking nicht nur schneller wachsen, sondern auch höhere Gewinne erzielen als Unternehmen in Xunyi. Obwohl die wirtschaftlichen Rahmenbedingungen in Peking besser sind als in Xunyi, nahmen die Unternehmer keine signifikanten Schwierigkeiten war (Mittelwert .09). Dazu waren die Korrelationen zwischen Schwierigkeiten und Umsatzwachstum bzw. Gewinnwachstum der letzten zwei Jahre in beiden Regionen negativ, nur die Korrelation zwischen Schwierigkeiten und dem Gewinnwachstum der letzten zwei Jahre in Xunyi war signifikant ($r = -.31$, $p < .01$), wie als Hypothese aufgestellt. Interessanterweise verfügten Unternehmer aus Xunyi über signifikant stärkere Netzwerk-*Guanxi* als Unternehmer in Peking (mit Ausnahme von nicht-geschäftliche Freunde und starke *Guanxi*) (für Familien-*Guanxi* betrug das Mittel .15, $p < .05$; für Geschäfts-*Guanxi* betrug das Mittel .24, $p < .01$; für Regierungs-*Guanxi* betrug das Mittel .42, $p < .01$; für schwaches *Guanxi* betrug das Mittel .23, $p <. 01$; für allgemeine *Guanxi*-Netzwerke betrug das Mittel .18, $p < .01$). Unternehmer aus Xunyi bewerteten ihre sozialen Fähigkeiten niedriger (Mittel -.49, $p < .001$), hatten niedrigere Werte bei aktiven und elaborierten sozialen Strategien (Mittel -.43, $p < .01$) und zeigten eine geringere beziehungsorientierte Eigeninitiative (Mittel -.61, $p < .01$) im Interview als Unternehmer aus Peking.

Studie 2

Weitgehend im Gegensatz zur verbreiteten Vorstellung der Bedeutsamkeit von *Guanxi* in chinesischer Unternehmenspraxis konnten hierarchische Regressionsanalyse die Beziehung zwischen *Guanxi* und Unternehmenserfolg in Beijing im allgemeinen nicht unterstützen (mit der Eingabe der Kontrollvariablen an erster Stelle). Die Beziehung zwischen *Guanxi* und Unternehmenserfolg in Xunyi dagegen wurde bestätigt. Insbesondere Regierungs-*Guanxi* zeigte eine weitaus höhere Beziehung mit Unternehmenserfolg als andere Arten der *Guanxi* Variablen in Xunyi.

Verglichen mit schwachen *Guanxi*-Netzwerken, trafen starke *Guanxi*-Netzwerke ebenfalls keine Aussagen über Unternehmenserfolg. Die genauere Studie über die Erfassung der Beziehung zwischen der Stärke der *Guanxi* (oder sozialen Verbindungen) und Hilfsmitteln zeigte jedoch, wie vorausgesagt, dass die Stärke der *Guanxi* nicht signifikant mit den informellen Ressourcen, die man erhielt, korrelierte ($r = .07$ in Peking und .07 in Xunyi, $p < .05$) jedoch signifikant mit den motivationalen Ressourcen ($r = .31$ in Peking und $r = .43$ in Xunyi, $p < .01$) und den materiellen Ressourcen ($r = .40$ in Peking und $r = .45$ in Xunyi, $p < .01$).

Schließlich zeigten moderierte Regressionsanalyse lediglich zwei signifikante Wechselbeziehungen zwischen Firmenalter und *Guanxi*-Netzwerken auf Unternehmenserfolg unter 24 Interaktionsprodukten. Ich schließe daraus, dass dies nur ein zufälliger Effekt ist. Daher wird die Hypothese, dass Firmenalter eine kontingente Variable für die Beziehung zwischen Guanxi Variablen und Unternehmenserfolg ist, nicht gestützt.

Studie 3

Die Ergebnisse zeigen, dass die Skala über Ausdrucksfähigkeit keine gute Reliabilität und Validität aufweist ($\alpha = .56$). Die konfirmatorische Faktorenanalyse zeigte, dass nur soziale Wahrnehmung (drei Items) und soziale Anpassungsfähigkeit (fünf Items) dargestellt werden konnten und ebenfalls einen Faktor zweiten Ranges der sozialen Fähigkeiten ergaben ($\chi^2 = 35.39$, df =19, $p = .01$; RMSEA= .06; GFI= .96; CFI= .94). Ich nenne die zusammenfassende Messung dieser acht Items soziale Fähigkeiten.

Aktive soziale Strategien und elaborierte soziale Strategien sind zwei theoretische Konstrukte, aber wie bereits in der Hypothese dargestellt, korrelierten sie ($r = .58$, $p < .01$). Die konfirmatorische Faktorenahnanalyse zeigte, dass diese zwei Skalen einen Faktor zweiten

Ranges aktiver und elaborierter sozialer Strategien ergaben (χ^2 =46.12, df = 33, P= .06; RMSEA=. 06; GFI= .92; CFI= .96).

Obwohl soziale Fähigkeiten und aktive bzw. elaborierte soziale Strategien etwas bzw. hoch miteinander korrelierten (r= .64 in Peking und .39 in Xunyi, p< .01), zeigte die CFA, dass soziale Fähigkeiten und aktive bzw. elaborierte soziale Strategien nicht zu einem generellen Faktor sozialer Fähigkeiten oder sozialer Strategien verbunden werden können (χ^2 =207.32, df=132, p= .00003; RMSEA= .074; GFI= .82; CFI= .88). Dies lässt vermuten, dass, wie bereits in der Hypothese dargestellt, soziale Fähigkeiten und aktive bzw. elaborierte soziale Strategien nicht die gleichen Konstrukte sind.

Studie 4

Die hierarchische Regressionsanalyse (die Kontrollvariablen wurden zuerst eingegeben) zeigte, dass soziale Fähigkeiten, aktive bzw. elaborierte soziale Strategien und beziehungsorientierte Eigeninitiative nicht mit Unternehmensnetzwerken und Regierungsnetzwerken korrelierten ($\triangle R^2$ = .11, .13 in Peking und .15, .18, in Xunyi; alle ps < .05). Nicht alle drei psychologischen Variablen hatten den gleichen Einfluss auf diese Einzelprobe. Soziale Fähigkeiten korrelierten mit der Unternehmensnetzwerkgröße (N-weighted average Beta of .28, p< .05), jedoch nicht mit der Regierungsnetzwerkgröße (β=. 07 in Peking; β=. 16 in Xunyi). Aktive und elaborierte soziale Strategien korrelierten positiv mit der Regierungsnetzwerkgröße (N-weighted average Beta of .24, P< .05), jedoch nicht mit der Unternehmensnetzwerkgröße (β=. 11 in Peking; β= -.09 in Xunyi). Dazu ergab sich mindestens eine signifikante Korrelation zwischen beziehungsorientierter Eigeninitiative und Regierungsnetzwerkgröße (β=. 29, p< .05 in Xunyi). Es gab beachtliche Korrelationen zwischen sozialen Fähigkeiten und Geschäftsnetzwerken sowie zwischen aktiven bzw. elaborierten sozialen Strategien und beziehungsorientierter Eigeninitiative auf der einen Seite und Regierungsnetzwerken auf der anderen Seite, was zum Teil Hypothese 1 in Studie 4 bestätigen würde. Die Erhöhung gegenüber den Kontrollvariablen war für diese drei psychologischen Variablen in beiden Regionen mit allen Erfolgsvariablen signifikant ($\triangle R^2$ = .06, .11 in Peking und .22, .33 in Xunyi, p< .05). Es gab Unterschiede in den Beziehungen zwischen den drei psychologischen Prädiktoren und Erfolg. Die Ergebnisse zeigten, dass Hypothese 2 in Studie 4 für beziehungsorientierte Eigeninitiative in Xunyi und zum Teil für aktive und elaborierte soziale Strategien in Xunyi, jedoch nicht für soziale Fähigkeiten in

beiden Regionen bestätigt wurde. Geschäftsnetzwerke standen in beiden Regionen nicht in Beziehung zu den Erfolgsvariablen.

Es gab jedoch erhebliche Korrelationen zwischen Regierungsnetzwerken und Erfolg (drei signifikante Korrelationen), mit einer einzigen Ausnahme in Peking (mit Unternehmenswachstum der letzten drei Jahre $\beta = .06$, n.s.). Aus diesem Grund wurde Hypothese 3 in Studie 4 für Regierungsnetzwerke, jedoch nicht für Unternehmensnetzwerke bestätigt.

Darüber ergaben Regressionsanalysen, dass Regierungsnetzwerke Mediatoren für die Beziehung zwischen den drei psychologischen Variablen und den Erfolgsvariablen in beiden Regionen darstellten. Der Mediator reduzierte die aufklärbare Varianz der drei psychologischen Variablen, die das Unternehmenswachstum der letzten drei Jahre in Peking voraussagten, zu .02 (Abnahme von 18%), die Anzahl der Beschäftigten in Peking zu .02 (Abnahme von 33%), die Leistung in Xunyi zu .12 (Abnahme von 36%) und das Vermögenswachstum seit der Gründung in Xunyi zu .07 (Abnahme von 32%). Da die meisten Zunahmen nach der Auspartialisierung immer noch signifikant waren, wirkten Regierungsnetzwerke als Mediatoren. Somit wurde Hypothese 4 in Studie 4 für Regierungsnetzwerke, jedoch nicht für Unternehmensnetzwerke bestätigt.

DISKUSSION

Der Vergleich zwischen dem urbanen und dem ländlichen China hinsichtlich Unternehmertum und Unternehmer (Studie 1) bestätigte einige erwartete Unterschiede, legte jedoch auch unerwartete Unterschiede und erstaunliche Ähnlichkeiten offen. Ein unerwarteter Gegensatz sind die größeren sozialen Netzwerke in Xunyi einhergehend mit geringeren sozialen Fähigkeiten, geringeren aktiven und elaborierten sozialen Strategien und weniger beziehungsorientierter Eigeninitiative auf Seiten der Unternehmer. Dies bedeutet, dass soziale Netzwerke nicht unbedingt das Resultat von aktivem Netzwerkaufbau sind, sondern auch von der Umwelt abhängig sind. Kleine, weniger entwickelte ländliche Gegenden sind kollektivistischer als große anonyme Städte (Hofstede, 1980). Eine erstaunliche Ähnlichkeit ist der nicht-signifikante Unterschied von Schwierigkeiten wirtschaftlicher Rahmenbedingungen. Dies lässt zweierlei vermuten: 1. Die Dynamik-Skala und Freigebigkeits-Skala sind zum großen Teil subjektive Messinstrumente. 2. Die Beurteilung von Unternehmern hinsichtlich der Schwierigkeiten hängt von deren Erwartungen sowie von

der Beziehung zwischen den Unternehmern und der Umwelt ab. Zusätzlich implizieren die Beziehungen zwischen der Stärke des *Guanxi* und den Hilfsmittel (in Studie 2), dass trotz der großen Ungleichheiten zwischen dem urbanen und dem ländlichen China erhebliche Gründe auf kultureller Ebene zu suchen sind.

Im Allgemeinen bestätigt Studie 2 die Wichtigkeit von *Guanxi* zur Erreichung von Erfolg in China nur zum Teil. Sie zeigt jedoch, dass *Guanxi* Variablen - insbesondere Regierungs-*Guanxi* - in weniger entwickelten, ländlichen Gebieten eine größere Rolle für Unternehmenserfolg spielt. Obwohl die Befunde zum starken Einfluss von Regierungs-*Guanxi* und dem schwachen Einfluss von Geschäfts-*Guanxi* auf den Unternehmenserfolg im Einklang mit der Literatur stehen (Peng & Luo, 2000) könnte das sehr vereinfachte Messinstrument für Netzwerke (so wurde z.B. nur Netzwerkgröße in dieser Studie verwendet) die Ergebnisse ebenfalls beeinflusst haben. Verglichen mit schwachem *Guanxi*, bringt starkes *Guanxi* für den Unternehmenserfolg keine Vorteile, obwohl starkes *Guanxi* Vorteile beim Erhalt von motivationalen und materiellen Ressourcen hat. Dies steht im Gegensatz zur Betonung starker *Guanxi* für den Unternehmenserfolg in China (Yeung & Tung, 1996).

Anders als frühere Literatur (Meichenbaum, Butler, & Gruson, 1981; Riggio, 1986), die soziale Fähigkeiten als übergeordnetes Konzept verwendet und soziale Fähigkeiten mit sozialen Strategien vermischt, unterscheidet Studie 3 sie klar voneinander. Die folgende Studie zeigt besonders, dass sie verschiedene Rollen in Bezug auf soziale Netzwerke und Unternehmenserfolg spielen. Studie 4 zeigte, dass soziale Fähigkeiten deutlich mit Geschäftsnetzwerken korrelierten, jedoch nicht mit Regierungsnetzwerken. Im Gegensatz dazu, korrelierten die beiden sozialen Ansätze, aktive und elaborierte soziale Strategien bzw. beziehungsorientierte Eigeninitiative mehr mit Regierungsnetzwerken als mit Geschäftsnetzwerken. Dies lässt vermuten, dass soziale Fähigkeiten wichtig sind, um Netzwerke mit anderen Unternehmern auf dem Markt aufzubauen. Hierbei ist ein aktiver Ansatz nötig, um mit Netzwerken umzugehen, die von den Unternehmern weiter entfernt sind und Macht über sie haben. Dies trifft auf die regionale Regierung in China zu.

Von den drei psychologischen Variablen korrelierte nur die beziehungsorientierte Eigeninitiative mit Unternehmenserfolg in Xunyi. In Peking ließen alle Betas Ähnliches vermuten, wobei sich in einem Fall eine geringfügige Signifikanz zeigt. Aktive und elaborierte soziale Strategien korrelierten mit mehreren Erfolgsvariablen in beiden Regionen.

Im Gegensatz hierzu korrelierten soziale Fähigkeiten in keiner von beiden Regionen mit dem Unternehmenserfolg. Sie ergaben ein nicht-signifikantes Beta in Xunyi. Ein Erklärungsansatz besteht darin, dass soziale Fähigkeiten keinen so starken Einfluss auf den Unternehmenserfolg haben wie die beiden aktiven Ansätze, die Potenziale in Aktionen und ertragreiche Ergebnisse umwandeln.

Obwohl es einen allgemeinen Trend für einen partiellen Mediationseffekt in jeder Analyse gab, war er für Regierungsnetzwerke in Xunyi am erheblichsten. Die Daten zeigten ebenfalls, dass Regierungsnetzwerke Prädiktoren für Unternehmenserfolg in Xunyi waren. Die größere Bedeutung von Regierungsnetzwerken in Xunyi lässt annehmen, dass der Einfluss regionaler Behörden in Xunyi größer ist als in Peking und dass Netzwerke mit der Regierung in kleineren Städten entscheidender für den Unternehmenserfolg sind als in größeren Städten.

ZUSÄTZE UND EINSCHRÄNKUNGEN

Einige Einschränkungen sind zu nennen. Diese Dissertation operationalisiert Erfolgsvariablen in Peking und Xunyi auf unterschiedliche Weise. Dies erschwert den direkten Vergleich der Ergebnisse. Da dies keine Längsschnittstudien sind, können keine kausalen Rückschlüsse gezogen werden. Zusätzlich sollten einige Messinstrumente verbessert werden, wie z.B. das rückblickende Verfahren für die Beziehungen zwischen der Stärke der *Guanxi* und den Hilfsmitteln (Studie 2, Hypothese 7-9), die Selbsteinschätzung der sozialen Fähigkeiten und aktiven bzw. elaborierten sozialen Strategien.

Dennoch zeichnen sich die Studien in einigen Punkten aus. Eine Stärke dieser vier Studien ist das 2-Sample-Design. Es erlaubt mir, die Ergebnisse in verschiedenen Kontexten zu validieren. Aufgrund der großen Unterschiede zwischen dem urbanen und dem ländlichen China ist dieses Design von großem Nutzen.

Nach meiner Kenntnis ist Studie 1 die erste Studie über chinesisches Unternehmertum, die sich mit Unterschieden und Gemeinsamkeiten von Unternehmern im urbanen und ländlichen China in Bezug auf ökonomische, soziologische und psychologische Variablen befasst. Sie bestätigt große Ungleichheiten zwischen dem urbanen und ländlichen China, zeigt aber auch einige erstaunliche Ähnlichkeiten auf.

Studie 2 ist die erste Studie, die empirisch die verschiedenen *Guanxi*-Typen untersucht und auf die Bedeutung der verschiedenen *Guanxi*-Typen beim Erreichen von

Unternehmenserfolg in China eingeht. Mit der Betrachtung der Rolle von Ressourcen, die in sozialen Netzwerken ausgetauscht werden, geht diese Studie über die alleinige Diskussion der Beziehung zwischen *Guanxi* und Erfolg hinaus. Ein weiterer wichtiger Beitrag von Studie 2 besteht darin, dass sie die Studien zu *Guanxi* in den breiteren theoretischen Rahmen der Theorie sozialer Netzwerke einordnet und diese bereichert, indem sie deren Variationen in verschiedenen kulturellen Kontexten untersucht.

Studie 3 unterscheidet soziale Strategien klar von sozialen Fähigkeiten bzw. unterscheidet aktive und elaborierte Strategien von sozialen Fähigkeiten. Zusammen mit der Skala der aktiven und elaborierten sozialen Strategien, die in dieser Studie entwickelt wurde, und der überarbeiteten Skala der sozialen Fähigkeiten von Baron und Markman (2003) liefert diese Studie eine genauere und umfassendere Messung der Leistung und des Verhaltens von Unternehmern.

Die meisten Netzwerktheoretiker untersuchen Netzwerke als strukturelle Variablen. Sie untersuchen jedoch nicht, wie sich diese Netzwerke entwickelt haben. Diese Studie veranschaulicht, wie Unternehmer ihre Netzwerke und somit ihren Unternehmenserfolg aktiv verbessern können. Mit der Verwendung dieser Konstrukte in aufgabenorientierten Situationen, wie z.B. Eigeninitiative, bereichert Studie 4 die Literatur über aktive Ansätze in der Arbeits- und Organisationspsychologie und im Bereich Unternehmertum (Crant, 2000; Dess, Lumpkin, & Covin, 1997; Frese & Fay, 2001; Sarasvathy, 2001). Schließlich betrachtet diese Studie, wie *Guanxi* entsteht und gepflegt wird. Wenn diese Ergebnisse repliziert werden können und von einer länger dauernden Gültigkeit sind, können sie dazu dienen, Unternehmer zu trainieren, ihre Netzwerke und somit den Unternehmenserfolg auszubauen.

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Erklärung

Ich erkläre: Ich habe die vorgelegte Dissertation selbständig und nur mit den Hilfen angefertigt, die ich in der Dissertation angegeben habe. Alle Textstellen, die wörtlich oder sinngemäß aus veröffentlichten oder nicht veröffentlichten Schriften entnommen sind, und alle Angaben, die auf mündlichen Auskünften beruhen, sind als solche kenntlich gemacht.

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Gießen, den 04.07.05